CONFIRMATIONS

Executive nominations confirmed by the Senate March 24 (legislative day of Feb. 24), 1936

UNITED STATES MARSHAL

Arthur D. Fairbanks to be United States marshal, district of Colorado.

PROMOTIONS IN THE NAVY

Joseph J. Broshek to be captain.
Samuel R. Shumaker to be commander.
Joseph H. Seyfried to be lieutenant commander.
George W. Mead, Jr., to be lieutenant commander.
Harry D. Power to be lieutenant commander.
James H. Doyle to be lieutenant commander.
Charles L. Surran to be lieutenant commander.
Norman S. Ives to be lieutenant commander.
Thomas J. Kimes to be lieutenant.
James V. Query, Jr., to be lieutenant.
Warren B. Sampson to be lieutenant.
Earl T. Hydeman to be lieutenant (junior grade).
Bernard H. Faubion to be assistant dental surgeon.
Jack H. Sault to be assistant dental surgeon.
John H. Paul to be assistant dental surgeon.
Carl A. Schlack to be assistant dental surgeon.
Benjamin W. Oesterling to be assistant dental surgeon.
Galen R. Shaver to be assistant dental surgeon.
Frank M. Kyes to be assistant dental surgeon.
Eric G. F. Pollard to be assistant dental surgeon.
Lloyd W. Colton to be assistant dental surgeon.
James R. Justice to be assistant dental surgeon.
Elmer S. Boden to be assistant dental surgeon.
Gerald L. Parke to be assistant dental surgeon.
Thomas O. Dillard to be assistant dental surgeon.
William M. Fowler to be assistant dental surgeon.
Edward J. Holubek to be assistant dental surgeon.
Kenneth O. Turner to be assistant dental surgeon.
John J. Flaherty to be assistant dental surgeon.
Arthur R. Frechette to be assistant dental surgeon.
Stanley W. Brown to be assistant dental surgeon.
Lewis H. Daniel to be assistant dental surgeon.
Robert S. Snyder, Jr., to be assistant dental surgeon.
Rush L. Canon to be assistant dental surgeon.
Frank E. Jeffreys to be assistant dental surgeon.
George R. Tucker to be assistant dental surgeon.
Aloysius C. Grosspietsch to be assistant dental surgeon.
William H. Snyder to be assistant dental surgeon.
John P. Crampton to be assistant dental surgeon.
Stephen T. Kasper to be assistant dental surgeon.
Kenneth M. Broesamle to be assistant dental surgeon.
Reimers D. Koepke to be assistant dental surgeon.
Walter W. Crowe to be assistant dental surgeon.
Ralph Bates to be assistant dental surgeon.
Louis J. Shapard to be chief carpenter.
Charles W. Harvey to be chief pay clerk.
John Peak to be chief pay clerk.

POSTMASTERS

ARKANSAS

John W. Goolsby, Hartford.
James F. Rieves, Marion.
Dewey J. Howell, McGehee.
Gladys L. Hobgood, Monette.
Ross M. Harris, Mount Ida.
Percy V. George, Ola.

MICHIGAN

William P. Mowry, Bronson.
Joseph M. Foster, Charlevoix.
Paul Doud, Mackinac Island.
Clinton Joseph, Quincy.

MISSOURI

Leonard Moore, California.
Susan T. Fulbright, Doniphan.
Sterling H. Bagby, Huntsville.
Arch B. Young, Perry.
Dora H. Weber, Tipton.

NORTH CAROLINA

Woodrow McKay, Lexington.
Lonnie W. Jacobs, Pembroke.

TENNESSEE

Elbert D. Corlew, Charlotte.
Charles A. Beckler, Ducktown.
William W. Turner, Jasper.
Luther P. Speck, Monterey.
Leon S. McDowell, Winchester.

VIRGINIA

Hattie C. Barrow, Dinwiddie.
Henry A. Storm, McLean.

HOUSE OF REPRESENTATIVES

TUESDAY, MARCH 24, 1936

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O Lord our God, we thank Thee for the sunlight which has arisen and poured its abundance over the wide earth. Inspire us, we beseech Thee, by the passionate love of the truth; help us to make every sacrifice to follow it in all its ways. In the familiar circle of life and duty may we be found using the gifts of wise judgment and honest discrimination. Do Thou protect our country from every form of violence, rebellion, and corruption. We pray that all those in authority and all magistrates may be upright in the admnistration of justice. Heavenly Father, preserve the strength and health of our President; graciously regard our Speaker and the Congress and grant that our eternal refreshment and joy may be at the river of life, bright as crystal, proceeding out of the throne of God and the Lamb. In our Redeemer's name. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 11035. An act making appropriations for the military and nonmilitary activities of the War Department for the fiscal year eding June 30, 1937, and for other purposes.

PERMISSION TO ADDRESS THE HOUSE

Mr. GRAY of Pennsylvania. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

Mr. KVALE. Mr. Speaker, reserving the right to object, will the gentleman withhold his request until I can propound a unanimous-consent request?

Mr. GRAY of Pennsylvania. I withhold my request.

THE WORK OF THE FEDERAL TRADE COMMISSION

Mr. KVALE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a speech made by the Chairman of the Federal Trade Commission last week.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. KVALE. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address by Chairman Charles H. March, of the Federal Trade Commission, at the eleventh annual dinner of the Drug, Chemical, and Allied Trades Section of the New York Board of Trade, Inc., at the Waldorf-Astoria Hotel in New York City on the evening of Thursday, March 19, 1936:

Mr. Toastmaster and gentlemen, I am very happy to be your guest at this large and representative annual gathering of your industry, and to have this opportunity to talk to you about the work of the Federal Trade Commission.

A little more than a year ago it was my privilege to preside over a trade-practice conference for the wholesale drug industry

held in Chicago. I had the pleasure of meeting many of you at that time. You who were there should be proud that that proved one of the most successful trade-practice conferences ever sponsored by our Commission. Also, you will be gratified to know that the trade-practice rules adopted at that conference have been lived up to by your industry with such unanimity that very few violations have been reported to the Commission. What has been done in the wholesale drug industry through the trade-practice conference procedure has been or is being done in a great many other industries. This cooperative effort on the part of business to put its own house in order is an inspiring thing.

One of the reasons assigned for inviting me to speak to you tonight is that the work of the Federal Trade Commission is not as generally known and understood as it should be. Unfortunately, that is true. But it is not as true as it used to be. One reason for the increasing public knowledge of the work of the Commission is the trade-practice conference procedure, and the spread of the idea of cooperative effort on the part of business. One reason why the work of the Federal Trade Commission has not been as widely known to the public is that it is seldom of a spectacular character. It is nonetheless important, valuable, and effective. The more that is known of the Commission's work and the better it is understood, the more it will be appreciated.

HISTORY AND PURPOSES OF THE ACT

The Federal Trade Commission is an administrative agency, exercising quasi-judicial functions. It is next to the oldest independent agency of the Federal Government. The Federal Trade Commission Act was signed by President Wilson on September 26, 1914. In a public statement issued at that time, President Wilson said that in the Commission's establishment there had been created—

"A means of inquiry and of accommodation in the field of commerce which ought to both coordinate the enterprises of our traders and manufacturers and to remove the barriers of misunderstanding and of a too technical interpretation of the law."

He added that the Commission had been created with "powers of guidance and accommodation which have relieved businessmen of unfounded fears and set them upon the road of helpful and confident enterprise."

While the Commission has certain other powers and duties, its principal functions are twofold:

1. To prevent unfair methods of competition in commerce.

2. To make investigations at the direction of the President, the Congress, upon the request of the Attorney General, or upon its own initiative.

You are more interested in the first of these functions, and I shall, therefore, pass over the second, that is, the investigational work of the Commission, with only a brief reference. However, let me say that it would be difficult to understate the importance of the investigational work which the Commission has done and is doing, or exaggerate its value to the American public. During its life, the Commission has conducted more than 80 general investigations and fact-finding studies. Notable among these have been the food inquiry, which resulted in the passage of the Packers and Stockyards Act; the chain-store inquiry; investigations of the steel and textile industries, and of electric and gas utilities, to mention only a few of the more important. These inquiries have resulted in wholesome legislation, and in reforms which business and industry themselves have adopted, due to the publicity attendant upon the Commission's investigations and reports. In many instances, they have resulted in savings to the public amounting in the aggregate to hundreds of millions of dollars. Merely the publicity attendant upon these investigations has been a powerful corrective of abuses which had become prevalent among the industries investigated.

Legislation resulting directly or indirectly from these inquiries has included the Packers and Stockyards Act, the truth-in-securities law, and the act for the regulation of stock exchanges, to mention only a few.

But you businessmen are more interested in the work of the Commission in the prevention of unfair trade practices than in its investigational functions.

Matters coming before the Commission directly probably affect the interests of more people than those referred to any other Federal agency. Sometimes a single case directly affects millions of citizens. Some affect practically every household. They have to do with nearly everything we eat, drink, wear, or make use of in any way.

The objective of the Commission is protection of honest competitors and the consuming public from fraudulent and misleading practices in commerce. In so many words, the Commission's organic act directs it to prevent those subject to the act "from using unfair methods of competition in commerce."

Procedure before the Commission is simple and effective. A case may originate in any one of several ways. The most common origin is through complaint of an unfair trade practice made by a competitor or a consumer. No formality is required for anyone to bring a matter to the Commission's attention. A letter setting forth the facts is sufficient, or it may be done by a personal call. In no case is the identity of the complainant made public.

When a matter is brought to the Commission's attention, it orders an investigation. If from the facts it appears that the law is being violated, the Commission orders a complaint served upon the alleged offender, who is thereafter known as the respondent. He is allowed a reasonable time in which to make answer, after which the case is ordered to trial. Hearings are held, briefs filed, and the case argued before the Commission, which then takes the matter under advisement and renders its decision as in the usual court proceeding.

If the Commission finds that the facts bear out the allegations of the complaint, it issues an order requiring the respondent to cease and desist from the unlawful practices set out in the findings. The respondent has the right of appeal to the United States Circuit Court of Appeals, and finally to the United States Supreme Court.

If the Commission finds that one of its orders is being violated, it presents the facts to the court of appeals in the appropriate circuit and asks that its order be enforced. Its cases are given priority in those courts. If the court finds that the order is valid, and is being violated, it requires the respondent to obey the cease-and-desist order. In case of violation of the court's order, the matter may be then handled by the court as in a contempt proceeding; that is, a penalty may be imposed.

We have developed another procedure, more informal, known as the stipulation procedure, by which we have been able to expedite our work and save a great deal of expense.

It frequently happens that a violation occurs through ignorance, and that the attention of the offender has only to be called to the fact to induce him to stop. Instead of issuing a formal complaint the Commission allows the individual or corporation complained against an opportunity to sign a stipulation to cease and desist from the practices charged. If he does so, further action is suspended; if he refuses, the case goes to trial.

The Commission believes this procedure protects the American consumer from numerous unfair methods of competition, and, by reason of its simplicity and economy, reaches a far larger number of abuses than would otherwise be possible. Also, this procedure saves large sums, both to the Government and to respondents. It should be said, however, that whether a respondent shall be permitted to sign a stipulation is entirely within the discretion of the Commission. This privilege is never permitted where violations are especially malicious and to the serious injury of the public.

Some may ask just what are unfair methods of competition in commerce, within the meaning of the Commission's act. Congress wisely did not attempt to define the term, because unfair competition may take any one of a thousand forms. On this point the Supreme Court said: "In the nature of things, it was impossible to describe and define in advance just what constituted unfair competition, and in the final analysis it became a question of law, after the facts were ascertained." Therefore, each case must be considered in the light of the facts pertinent thereto.

In general unfair trade practices may be grouped into two classes: Those which involve an element of fraud or dishonesty, and those not inherently dishonest but which are restrictive of fair competition. It is the job of the Commission, therefore, when a complaint comes to its attention, to ascertain the facts and render its judgment on those facts. Conclusive evidence that the Commission's work is thorough is to be found in the record of its cases appealed to the courts. For example, during the fiscal year ended June 30, 1935, Commission orders were approved in all of the 10 cases taken to circuit court of appeals. From February 1935 to February of this year 19 Commission orders were appealed to circuit courts of appeals, and in none was the Commission overruled.

Cases decided by the Commission affect every competitor in the business engaged in by the respondents, as well as consumers of the commodities involved. When you eliminate an unfair practice by one competitor, every honest competitor is benefited thereby, as well as all consumers of the products involved. What this is worth to the public it is not possible to estimate, but the amount would be large.

As appreciation of the value of its work grows, more businessmen and consumers are turning to the Commission for relief from dishonest practices. This is evidenced by the recent heavy increase in the Commission's legal work. In the last 2 years this increase has been very marked. During the fiscal year 1934 there were 1,829 cases before the Commission, whereas for the fiscal year 1935 the number increased to 3,385. From the number of cases coming to the Commission thus far this year, it is estimated the total number to come to its attention during the year will be in excess of 4,500.

TRADE-PRACTICE CONFERENCES

In its work of suppressing unfair methods of competition in commerce the Commission has developed a plan whereby it is possible to accomplish this objective by wholesale, at great saving both to the Government and to business. I refer to the Commission's trade-practice conference procedure. This procedure is a logical development of the Commission's effort, in cooperation with business, to protect the public from unscrupulous men who are out to exploit the public and increase their profits at no matter what cost to honest competitors and the public.

This procedure, about which you are likely to hear much more, affords an opportunity for members of a particular business to sit down together and, under the sponsorship of the Commission, consider their particular problems, and collectively agree to the abandonment of unfair practices. Under this procedure, members of a business take the initiative in establishing a degree of self-government by setting up their own code of business ethics, subject, of course, to the approval of the Commission. This means that they must be within the law. Thus all members of a given business are placed on the same fair competitive basis. When unfair practices in an industry are thus eliminated, every honest member of that industry is benefited, and it is made easier to require unscrupulous persons to keep within the law. The consuming public is also a direct beneficiary. That is where the

primary concern of the Federal Trade Commission lies, for it is the public interest with which the Commission must at all times concern itself.

By this procedure often the unfair and dishonest practices of an entire industry are corrected at a single conference, whereas if it were necessary to take action against each individual offender, hundreds of proceedings might have to be instituted.

The Commission's trade-practice conference procedure usually leads to the prompt abandonment of unfair practices by the entire industry concerned. Moreover, an industry thus grows into the habit of policing itself, and its honest members, who constitute the large majority, cooperate in bringing about enforcement of the law.

Since inauguration of the Commission's trade-practice procedure approximately 175 conferences have been held. It is gratifying to report that agreements so arrived at have been observed by an overwhelming majority of the members of the industries concerned.

Applications from more than 40 industries for such conferences are now pending. Some are from very large and important industries. In addition, representatives of approximately 200 other industries have made inquiry as to necessary steps for holding conferences. It would be difficult to overemphasize the importance of this growth of cooperative spirit in business.

AMENDMENTS TO THE FEDERAL TRADE COMMISSION ACT

I have discussed briefly the origin and history of the Commission. Now a word about certain proposed amendments to the organic act under which the Commission functions. Most of these amendments were recommended by the Commission in its last annual report, in the light of its 21 years of experience under its act. These amendments were introduced in the Senate by Senator WHEELER, of Montana, chairman of the Senate Committee on Interstate Commerce, which has favorably reported the amendments to the Senate, and in the House by Representative RAYBURN, of Texas, chairman of the House Committee on Interstate and Foreign Commerce. I refer to these amendments because considerable misinformation exists about them. No doubt some of it has been circulated by interests unfriendly to the purposes of the amendments and possibly to the original act. The principal amendment proposed is to section 5 of the Commission's act, which would insert therein the words "and unfair or deceptive acts and practices", so that the language of that section, as amended, would read: "That unfair methods of competition in commerce and unfair or deceptive acts and practices in commerce are hereby declared unlawful."

Without this amendment, there is question whether the Commission has jurisdiction of an unfair practice where it develops that the offender has a monopoly in his field and, therefore, has no competitor, or in a case where all competitors are equally guilty of the same practice. In one case carried to the Supreme Court, a Commission order to cease and desist was voided because the Court took the position that all of the competitors of the respondent disclosed by the record had been equally guilty. The Court said it was not the business of the Government to protect one knave from another. Thus, no matter how much the public might be injured, the Commission may be powerless to give it the protection to which it is entitled. The proposed amendment would clear away doubt as to the Commission's jurisdiction. That is the purpose of the amendment.

For the most part the other amendments are either clarifying or procedural.

The fundamental purposes of the Federal Trade Commission Act and those sections of the Clayton Act of which the Commission has jurisdiction, are to eliminate unfair-trade practices and such practices as tend substantially to lessen competition or create monopolies. Some have felt that there has been a tendency in recent years away from these purposes; that there has been a lessening of the public demand for enforcement of the antimonopoly laws. In my judgment, this tendency has been fostered on the one hand by selfish interests whose practices these laws were intended to stop, and on the other by a growing belief that preservation of competition was an economic fallacy and mistake. I do not believe it can be successfully denied that this latter belief has been artificially encouraged. It is easy to say that because great enterprises exist in considerable number, and are frequently able to operate at low cost, the public interest would be better served by their encouragement than by their regulation or elimination. But this argument fails to take into account the disastrous results to the public which usually follow the concentration of an enterprise largely or almost exclusively in a few large units. Experience has shown that the capacity some large businesses may have to give the public the benefit of low prices is often exercised only at great cost to themselves, a cost which even they can afford only temporarily. It is as true now as when the laws against monopolies were passed, that once success has attended efforts of large enterprises to drive from the field the small competitors who cannot meet these temporarily lowered prices without fatal loss to themselves, such selfish interests usually raise prices to even higher levels than they were before.

It is my belief that the late severe economic depression can be traced in large degree to reprehensible practices of selfish interests, many of which were unsoundly and excessively capitalized. These practices were not properly controlled, because the country had become so blinded by temporary prosperity as to accept the theory that monopolies were beneficial rather than dangerous.

What happened? In their greed for profit monopolistic enterprises charged more than the traffic could bear. They had no regard for ultimate consequences. By eliminating competition they thought they were on their way to greater success and greater riches. Actually, however, as it turned out, fewer people were able to buy the products of the big business enterprises which had concentrated output in their own hands, for that very concentration deprived many of their means of livelihood and thus destroyed their purchasing power. The result, so often called "overproduction", would probably better be termed "underconsumption."

It is my conviction that to allow great interests a free hand and permit them to destroy competition is not only disadvantageous to a principle on which our Government was established; that is, equal opportunity for all who may be fitted to improve their position by reason of their own energy and initiative. By this I do not mean that it was ever intended to protect the lazy or incompetent. I do mean that the right of every man to use his brain and energy and gain a fair reward therefor should be preserved and protected.

If we are to accept the process of concentration of business in a few hands as beyond control, then it is time to admit that our foremost national aim, individual opportunity, has been lost, and that what we had believed was our outstanding national trait, individual initiative, either has failed or is no longer worth preserving.

I am afraid we have been taking the sturdiness of American individualism too much for granted. It is time we examined into this American characteristic and decided whether we are to use it or lose it. If we are to abandon this trait, either we place ourselves at the mercy of selfish combinations or we must stake more and more reliance on government.

For my part, I hold that through wise enactments the rights of the individual should be protected, and that individual initiative and capacity should have a fair chance to assert themselves honestly and efficiently, and receive the just reward to which they are entitled.

PERMISSION TO ADDRESS THE HOUSE

The SPEAKER. The gentleman from Pennsylvania [Mr. GRAY] asks unanimous consent to address the House for 5 minutes. Is there objection?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, may I inquire how many speeches are going to be made before we commence the regular business for today?

The SPEAKER. The Chair is unable to inform the gentleman.

Mr. RAYBURN. Mr. Speaker, reserving the right to object, I shall not object to the gentleman from Pennsylvania proceeding, but I will object to any other request along this line because we want to proceed with the consideration of this bill.

Mr. CELLER. Mr. Speaker, reserving the right to object, will the gentleman withhold his request so that I may propound a unanimous-consent request?

Mr. GRAY of Pennsylvania. I withhold my request.

THE CURSE OF RELIGIOUS BIGOTRY

Mr. CELLER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on religious freedom.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. CELLER. Mr. Speaker, to my mind there is nothing more frightful and horrible than the ravages, rapine, pillage, and suffering caused by religious bigotry—of the type now prevailing in turbulent Germany not only against Catholics and Jews but against Protestants as well. The National Conference of Jews and Christians, an organization of genuine brotherhood, is working with might and main in our country to instill in the hearts and minds of the citizenry everywhere the thought that all constitutional rights should be accorded free and openly to all persons regardless of religion, race, or color.

In my city of Brooklyn the antidefamation committee of the B'nai B'rith order is lending the weight of its influence to spread this good gospel of brotherhood. The Brooklyn lodge adopted a resolution recently, which I am pleased to present:

At a general meeting of B'nai B'rith, Brooklyn Lodge, held at Temple Beth Emmeth of Flatbush, 1510 Church Avenue, Brooklyn, N. Y., on February 26, 1936, the following resolution was offered and unanimously adopted:

"Whereas it is the function of the antidefamation committee of B'nai B'rith, Brooklyn Lodge, to combat prejudice and discrimination against race, creed, or color, and it is the declared policy of the committee to accomplish its end through the medium of enlightenment and education rather than retaliation; and

"Whereas the National Conference of Jews and Christians set aside February 23, 1936, as Brotherhood Day; and

"Whereas the President of the United States delivered a radio address in celebration of Brotherhood Day, in which he enthusiastically supported its purposes and encouraged an alliance of faiths, urging that people of different faiths 'reach across the lines between their creeds, clasp hands, and make common cause': Now, therefore, be it

"*Resolved*, That the President of the United States is deserving of praise and commendation for his straightforward and fearless address on the subject; and be it further

"*Resolved*, That it is the sense of the membership of B'nai B'rith, Brooklyn Lodge, that other public officials, national, State, and local, candidates for public office, and political groups and organizations, should on the appropriate occasions, by word and action, contribute to the enlightenment of their constituents by publicly encouraging good will, good-fellowship, and the 'good-neighbor idea' so aptly discussed by the President of the United States in his radio address; and be it further

"*Resolved*, That the president of B'nai B'rith, Brooklyn Lodge, be, and he hereby is, authorized and directed to express the appreciation and gratitude of the membership to the President of the United States and to transmit a copy of this resolution to the press and to such others as may be interested in its subject matter."

PENNY-WISE—POUND-FOOLISH

Mr. CELLER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the Federal Register.

The SPEAKER. Is there objection?

There was no objection.

Mr. CELLER. Mr. Speaker, the distinguished gentleman from Indiana, my dear friend, Mr. LUDLOW, in a speech which appears in Monday's RECORD attacked: First, the cost of printing the daily Federal Register; second, the cost of printing the compilations of administrative rules and regulations now in force and effect; third, the sales appeal of the new publication; and fourth, the so-called bureaucratic growth of the Division of the Federal Register in The National Archives.

Also the very able gentleman from Missouri, my dear friend, Mr. COCHRAN, has been similarly disparaging the publication of the Federal Register. Both these gentlemen deprecate the cost and the additional expense to the Government. I say to both, that in their opposition they are but penny-wise—pound-foolish.

COST OF THE FEDERAL REGISTER

The gentleman is correctly informed in saying that the appropriation to the Government Printing Office for printing the Federal Register amounts to $225,000 from March 14, 1936, to March 1, 1937.

In October of 1934 a special committee consisting of John Dickinson, Assistant Secretary of Commerce; Harold M. Stephens, Assistant Attorney General; Erwin N. Griswold, Department of Justice; J. G. Laylin, Treasury Department; Jerome Frank, Agricultural Adjustment Administration; D. J. Haykin, Library of Congress; and Cyril Wynn, Department of State, which was appointed by the National Emergency Council, submitted a report respecting a proposed official publication. The report as submitted included an estimate of the office of the Public Printer stating that the 16-page paper could be issued 5 days a week, with appropriate indexes, at a cost of $52,000. At the same time the committee estimated the total annual pay roll at $34,000. As stated by the Administrative Secretary of The National Archives in his letter to Representative LUDLOW on March 19, 1936, the total annual pay roll is now $38,320, and no increase in personnel is contemplated. The increase in actual expenditures over the estimates made by the special committee is almost entirely in the printing cost. The printing appropriation took into account a 32-page paper. It appears at the present time that a 16-page paper will be sufficient to carry all Government rules and regulations except in cases of an emergency. For this reason, and in view of the fact that the amount appropriated for printing is approximately five times the estimate made in December of 1934, it would seem probable that a considerable saving may be made in this regard.

By the coordination of printing activities of the various departments of the Government and the Federal Register, it may be possible to use the same type and it will doubtless be possible to cut down on the volume of publications issued by the various departments, with the further possibility that publication of the Federal Register may eliminate the necessity of certain miscellaneous Government publications. It is believed that a considerable saving can be made by coordinating printing practices in this manner.

COST OF PRINTING THE COMPILATION REQUIRED UNDER SECTION 11 OF THE FEDERAL REGISTER ACT

The gentleman from Indiana, referring to the compilation required by section 11 of the Federal Register Act, has stated that the printing of the vast accumulation of governmental orders, regulations, and so forth, would be like publishing all out of doors and the cost would be unfathomable. The gentleman is incorrectly informed in this particular. His statement is doubtless based on the assertion of Mr. Giegengack, the Public Printer, who was quoted as having testified before the legislative Subcommittee on Appropriations, as follows:

> It is impossible to give any idea as to what it will eventually cost to print the present accumulation of existing orders, proclamations, and regulations that now have the force and effect of law. It has been stated that there are literally truck loads of them, and that the Archivist would need to increase his building 100 percent in order to hold them all.

In this Mr. Giegengack was misinformed. He evidently had in mind all of the files of Federal agencies which are to be selected for removal to The Archives Building. I am informed that there are only 18 file drawers containing compilations submitted under the provisions of section 11 of the Federal Register Act, which are now in the Division of the Federal Register. Thirteen of these file drawers contain documents submitted by departments and agencies of the executive branch of the Government and five file drawers contain Executive orders issued by the President. Of this material, a substantial portion will be discarded as not eligible for publication, for preliminary examination shows that numerous documents that have been submitted are not of the type which Congress intended to have published under the Federal Register Act.

DEMAND FOR THE FEDERAL REGISTER

The gentleman from Indiana expressed concern over the small number of subscribers to the Federal Register. At the present time Government agencies have requested approximately 3,000 copies; Congressmen and Senators have requested approximately 1,200 copies; depository libraries receive 500 copies; and the Library of Congress 125 copies. Since the Federal Register started publication subscriptions have been received at the Government Printing Office at the rate of 25 per day, and it is expected that subscriptions will continue to be received until approximately 15,000 copies are distributed daily.

The leading private tax service reporting changes in tax law, from Washington, has 15,000 subscribers, and it is the belief of the Washington representative of that service that the Federal Register will ultimately have at least that many subscribers, especially if the subscription price can be kept at a reasonable figure. There are approximately 150,000 subscribers of the various services of this publishing house in connection with administrative agencies in Washington and approximately 75,000 subscribers to the services of its leading competitor. The subscription price of each of these services is higher than the year's subscription rate of the Federal Register. For this reason it seems probable that the Federal Register will steadily gain in the number of its subscribers and that within a reasonable length of time a substantial portion, if not all, of the cost of the Register will be borne by the subscriber.

The reaction on the part of the general public since the start of publication of the Federal Register has been, on the whole, favorable. The New York Times, for March 15, 1936, states:

> A survey by the American Bar Association which pointed to the need of the legislation showed a wide potential demand for such a daily record among attorneys, newspaper editors, scholars, and business men.

The Brooklyn Eagle, in an editorial appearing in its March 17 issue, states:

> The United States has long been the only great nation without an official gazette, the nearest approach being the CONGRESSIONAL RECORD, which, however, covers only the transactions and debates of the House and Senate and appears only while Congress is in

session. The authorization of such a publication, to be known as the Federal Register, the first issue which appeared Saturday, is therefore belated recognition of a need that has been even more pressing than usual during the past 3 years.

If the expense seems to mount too high, we suggest that corresponding savings could be made with the greatest ease in the cost of the bulky, though sometimes extremely diverting, CONGRESSIONAL RECORD, with no loss whatever except to the privilege of Senators and Representatives of "extending remarks" therein, which frequently have no bearing whatever on the deliberations of those august bodies.

The Indianapolis News, the largest evening newspaper in the State so ably represented by the gentleman from Indiana, in an editorial dated March 16, 1936, states:

They were reprimanded (the New Dealers) by the Supreme Court in the "hot oil" case and reminded that one of the first duties of government is to see that the people have a reasonable opportunity to know the law. In these days, when Congress gives its lawmaking powers to the Executive, and he empowers bureaus and departments to issue orders having the effect of law, this is very important.

During the past 3 days inquiries and subscriptions received by letter at the Division of the Federal Register alone represent the following States: Arizona, California, Colorado, District of Columbia, George, Illinois, Indiana, Iowa, Massachusetts, Maryland, Mississippi, Missouri, New Jersey, New Mexico, New York, North Carolina, Ohio, Pennsylvania, Tennessee, Texas, and Washington.

NEED FOR AN OFFICIAL GOVERNMENTAL PUBLICATION

In the December 1934 issue of the Harvard Law Review Dr. Erwin N. Griswold states that systematic publication of administrative rules and regulations is in effect in England, Australia, Ireland, Canada, India, New Zealand, South Africa, and similar publications are common in the Latin countries. He states further "that apart from the United States it would be very difficult to find a nation of importance which does not use some method to make available and accessible a record of the acts of its executive authorities."

Judge Harold Stephens, of the Court of Appeals of the District of Columbia, the man who argued the "hot oil" case in his capacity as assistant to the Attorney General, stated at the hearings of the Committee on the Judiciary a month ago:

* * * It is idle to attempt to know what the law is today without knowing what the regulations are or the Executive orders; and I as a lawyer and a judge say that we have no dependable source for obtaining those laws and regulations at the present time.

Assistant Attorney General John Dickinson, appearing at the same hearings, advanced the argument that the small-town lawyer and the small-town businessmen have a right to know what the law is on a given subject as much as the large law firms and large corporations with their continuous Washington contacts. He was of the opinion that the body of administrative law should be available in every county seat in the form of an official gazette published by the Government as a complementary publication to the United States Code.

Statutory and administrative law are complementary, and both must be available if one is to know the law on any subject on which rule-making power has been delegated. The United States Code and the Statutes at Large furnish the citizen with statutory law, but until the Federal Register came into being there was no similar source for rules and regulations with the force and effect of law.

The fact that ignorance of the publication and its comparative newness has kept the early list of subscribers at a small figure does not affect the legality of the regulations which are issued daily from having the same force and effect of law as the statutes which we pass daily. I personally believe that the paid subscription list of the Federal Register will grow steadily until it approximates or surpasses the paid subscription lists of the CONGRESSIONAL RECORD or the Statutes at Large.

In the past regulations have been issued in a very informal manner; in some instances circular letters, press releases, and other informal documents have contained regulatory material, and violation of these regulations so issued have carried penalties. Although certain Government departments and agencies are required by statute to give official notice of certain acts, there was, before the publication of the Federal Register, no medium through which these notices might be given officially. Up to the present time there has been no comprehensive manner in which Government offices in the field might be advised of rules and regulations. Inquiries are repeatedly forwarded to Government departments from Government representatives outside of Washington, which will be to a large extent unnecessary now, in view of the fact that the Federal Register provides the answers to these questions.

Numerous Supreme Court cases have held that Executive regulations, properly made, have the force and effect of law. Since no publication of these administrative rules was contained in an official document which all might obtain, it was impossible for the average citizen to ascertain all the regulations which might affect him.

In the early part of the nineteenth century Jeremy Bentham, English philosopher and jurist, wrote:

We hear of tyrants, and those cruel ones; but whatever we may have felt we have never heard of any tyrant in such sort cruel as to punish men for disobedience to laws or orders which he had kept them from the knowledge of.

Slightly over a year ago the Supreme Court decided a case on the assumption that the regulations of a Government bureau of some years' standing were known to those dealing with it, and yet the bureau itself spent 2 months in an intensive search before the particular document involved could be found. It is true that the "hot oil" case which focused attention on the lack of a central agency for inspection and publication of administrative rules and regulations was an extreme example. Naturally very few cases reach the Supreme Court before anyone discovers that the section of administrative law on which they are based has been eliminated by Executive order. There are many cases which are as illustrative of the principle, on which attention has not been focused, and these cases are bound to increase as the body of administrative law increases. Several such cases were cited by Dr. Griswold, of the Harvard Law School, in his testimony before the Committee on the Judiciary last month. It is impossible for Congress to abolish the delegation of rule-making power to the Department of State, the Department of Commerce, and so forth, and it would seem unwise to relax the old common-law maxim, "Ignorantia juris non excusat", to any great extent. The only remedy is to make the rules and regulations available for public inspection and by publication furnish them to all the public at a reasonable subscription price before any such documents having general applicability and legal effect shall be binding on our citizens.

The same logic which would lead us to economize by cutting out the Federal Register would lead us to cut out the Statutes at Large and the Supreme Court decisions on the ground that interested parties could write in when they wanted to ascertain the law.

It is true that the common-law maxim stated that ignorance of the law excuses no one. There has been a relaxation of this rule of necessity. Although it may be quite proper to relax the penalty which is exacted for ignorance of the law, it would seem preferable to take steps to make the law easily available to all people who may be bound thereby.

One of the most severe and outspoken critics of so-called bureaucracy in the Federal Government has stated in a recent book:

It is a maxim of our jurisprudence that ignorance of the law excuses no one; but that maxim was evolved over a period of ages when our law was easily discoverable, if not known, in our statute books. The rule becomes preposterous, when law may be ground out in a daily torrent by administrative agencies which may be under no duty even to publish the same.

BUREAUCRACY

It has already been stated that the appropriations for salaries of the members of the staff of the Division of the Federal Register is approximately the same as that estimated to be necessary by an impartial committee of Government experts before I introduced the Federal Register bill in this House a year ago. By far the major portion of the appropriation is for printing, and a substantial saving on the appropriation should be made.

One of the major evils of bureaucracy as the gentleman from Indiana defines it is, in my opinion, the fear which it

instills in the average citizen of punishing him for violation of rules of which he is not aware. The Federal Register will remove this fear, and I firmly believe that it will stand as one of the foremost of the many constructive achievements accomplished by this administration.

CONCLUSION

During the hearings before the subcommittee of the Judiciary Committee of which I was chairman on the Cochran bill to abolish the Federal Register, our genial and distinguished friend the gentleman from Pennsylvania [Mr. DRISCOLL] vigorously opposed the Cochran bill and emphasized the need for the Federal Register. Among other things, he drew attention to the activities of a certain Roman Emperor who posted his decrees so high that his subjects could not read them, and then punished them for violation thereof. The Library of Congress gives me a report taken from the 1883 edition of Alexander Thomson's translation of Suetonius' Lives of the Twelve Caesars. The quotation on page 278, paragraph 40, of Thomson's translation points out Emperor Caligula as the guilty tyrant. Suetonius wrote about 120 A. D. The quotation is as follows:

These taxes being imposed, but the act by which they were levied never submitted to public inspection, great grievances were experienced from the want of sufficient knowledge of the law. At length, on the urgent demands of the Roman people, he published the law, but it was written in a very small hand and posted up in a corner so that no one could make a copy of it.

Apparently our friends from Missouri and Indiana, Representatives COCHRAN and LUDLOW, would have our Government ape the tyrant Emperor Caligula. In fact, they would even go Caligula one better. Whereas he at least wrote the decrees in a very small hand and posted them in such a way that nobody could copy them, our good friends from Indiana and Missouri would have our Government not even publish the rules and regulations so that they could not even be seen under any circumstances.

PERMISSION TO ADDRESS THE HOUSE

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania to proceed for 5 minutes?

Mr. MONAGHAN. Mr. Speaker, reserving the right to object, I should like to know whether other Members who have unanimous-consent requests to propound are going to be recognized before the regular business is taken up?

The SPEAKER. The Chair will recognize all Members for unanimous-consent requests.

Mr. O'CONNOR. Mr. Speaker, as we have to wait only 5 minutes while the gentleman from Pennsylvania makes his address and these unanimous-consent requests may be made afterward, I demand the regular order.

The SPEAKER. The regular order is, Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. GRAY of Pennsylvania. Mr. Speaker, I am asking for this time to speak of the condition of the Twenty-seventh District and specifically of the city of Johnstown, Pa. I am not going to make any remarks about what the flood has done up there except to say it has prostrated the city.

At the time of the business collapse in 1929, or shortly thereafter, the largest bank between Philadelphia and Pittsburgh in the State of Pennsylvania, the First National Bank of Johnstown, failed. It closed. Some people did not agree as to the wisdom of closing the bank and whether it should have been closed or not, but that is water over the dam. Johnstown is in the heart of a mining and steel center of Pennsylvania. The recovery program of the Roosevelt administration had not had time to favorably affect Johnstown and its vicinity until 4 or 5 weeks ago, when an upturn was noted. The city has been visited by a second disastrous flood, resulting in property damage far greater than resulted from the flood of 1889. The people have no money to pay the encumbrances on their homes and business properties, to pay taxes, or for any other purpose.

Mr. Speaker, the city of Johnstown has a bonded indebtedness of $5,000,000. The school district of the city of Johnstown has a bonded indebtedness in excess of $4,000,000. I do not know what can be done by the present legislative setup in Washington, but something should be done in regard to new legislation if we do not have legislation at the present time to cover the situation. To give you a definite idea of the thought of the people of Johnstown, I have before me this morning the first issue of the Johnstown Democrat that has been published since the flood last week. In an editorial in this paper there is given a very plain exposition of the needs of the people. The editorial follows:

CREDIT AND REHABILITATION

Johnstown, members of its council, the State authorities, Members of the Congress, the President, members of his Cabinet, and the heads of various governmental spending agencies face a series of definite problems which have arisen as a result of the recent dampness in our valley.

Recent events have impaired, if they have not well destroyed, the credit of the city, the Johnstown school district, and Cambria County. There are certain things the Government can do within the range of existing law.

The collection of any considerable amount of delinquent taxes becomes highly improbable. The Federal Government can advance the face of the municipal, school district, and county tax duplicate. The properties are worth the tax—some time. The Government would get its money back—eventually. Moreover, if a proper survey and appraisal were made, it would be possible to ascertain who was and who was not in a position to pay taxes for the year 1936. The Government could assume the burden of current tax delinquencies.

There is another matter in which the Federal Government, under the cover of existing law, could supplement, fortify, and protect the credit of the municipality, the school district, and the county. The Government could refund existing debt at a nominal interest rate. Bondholders could properly be required to surrender their bonds at their face value. Outstanding indebtedness should be refinanced at a rate not to exceed 1 percent.

If the full measure of the assistance suggested were actually extended, the Government would not lose a cent in the long run, while the current obligations of the city, the school district, and the county would be reduced at least 40 percent.

If there is a failure to act along the lines suggested, the city, the Johnstown school district, and, eventually, the county will be compelled to default.

Mr. BOLAND. Will the gentleman yield?

Mr. GRAY of Pennsylvania. I yield to my colleague from Pennsylvania.

Mr. BOLAND. If I understand the gentleman's remarks correctly, it is imperative that the Government here, particularly the R. F. C., extend their efforts and their credit to allow Johnstown and its citizens, especially its businessmen, the use of money immediately?

Mr. GRAY of Pennsylvania. Yes. I do not know whether that can be done or not, but if it cannot be done under existing law, provision should be made so that this may be accomplished.

Mr. BOLAND. In other words, it is imperative that Congress extend Johnstown that remedy?

Mr. GRAY of Pennsylvania. Yes. There is no question about that. It is undisputed and recognized by every man and woman who knows anything about financial conditions in the city and the county of Cambria.

I am not sure that existing laws contain the enactments by which the needed help can be extended. A hundred thousand people stricken by calamity after calamity cannot be expected to bear their burden without assistance from somewhere, and the place where it should come from is here in Washington.

It must not be understood that I am standing here for myself or for the city of Johnstown, trying to panhandle from the Federal Treasury or wheedle something from it, with no thought or expectation of paying back in full measure. The residents of Johnstown, of Cambria County, and of any of the devastated towns and communities of the Twenty-seventh District of Pennsylvania and of the entire State are not that kind of people. They are not beggars or bums or raiders of the storehouses of the Government.

I do not have by any means a complete report of the flood damaged areas, but mention must be made of numerous places in the four counties comprising the Twenty-seventh District where, according to my information, the helping hand of the Federal Government will have to reach out in a sympathetic and practical manner. Offhand I mention Blairsville, North Vandergrift, Apollo, Leechburg, Rossiter,

Punxsutawney, Brookville; and there probably are numerous other communities that demand attention and assistance.

Thanks to the various relief agencies, immediate needs are being taken care of as well as could be expected. The various posts of the veterans' organizations have responded nobly. The Veterans of Foreign Wars, American Legion, Spanish War Veterans, their auxiliaries, camps, and posts, the Red Cross, the churches of all denominations, fraternal orders of every kind. Nothing could fill the heart of man with warmer impulses than the response to the necessities of the afflicted. And, most of all, has been the inspiration of the individuals of every walk and condition of life to the noblest and best that is in human nature.

But, Mr. Speaker, with all that wonderful exhibition of bravery and mercy and endurance manifested by the people of Cambria, Armstrong, Indiana, and Jefferson Counties, something else remains to be done, and only the Federal Government can do that or those particular things.

If there is no present authority for it, then a new governmental agency must be established or the powers of some one or more of the existing agencies for recovery must be enlarged and broadened to care for the needs of the sorely pressed people of the flooded areas in the United States.

My thought is that a new agency should be created for the express purpose of extending credit to the business people to reestablish themselves on a going basis and the home owners who are now, may I say, homeless. The credit should be long-term, the interest rate merely to cover the service charges of the Government, and the regulations to be met must be liberal and broad.

We need at this time, above all things, a brave spirit and an optimistic outlook. But we must not be ignorant optimists. The strain will eventually tell on the best of men on the long hard pull back up the hill. We can be optimists and yet be sensible. In the long pull, it is what the Federal Government does that will count the most.

Mr. Speaker, I ask unanimous consent to proceed for 5 additional minutes.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

Mr. RAYBURN. Mr. Speaker, I object. I stated before that I was going to object to any other remarks.

NATIONAL DEFENSE

Mr. MONAGHAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and to include therein a brief letter from Mr. Clark, captain of the Reserve Officers' Association, and my reply thereto.

The SPEAKER. Is there objection to the request of the gentleman from Montana?

There was no objection.

Mr. MONAGHAN. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following letter received by me from Capt. H. H. H. Clark, of the Reserve Officers' Association, and my reply thereto:

RESERVE OFFICERS' ASSOCIATION OF THE UNITED STATES,
Missoula, Mont., March 10, 1936.

Hon. JOSEPH P. MONAGHAN,
Montana Congressional Representative,
United States Capitol, Washington, D. C.

MY DEAR MR. MONAGHAN: It comes to my attention that you have consistently opposed all legislation in Congress which has had the support of our organization. I have gone to the trouble of verifying these reports through a perusal of the CONGRESSIONAL RECORDS. Your point of view in opposition to national defense is not understandable to us. I am writing to inform you that it is our duty to bring these facts to the attention of our membership through the medium of the Montana Reservist. However, I feel it only fair on our part to grant to you an opportunity to defend your position within the limits of the editorial policy of the publication.

It is not our policy to enter into any political controversies, but we do desire to avail ourselves of every legitimate means to further our constitutional purposes.

May I hear from you at your early convenience, and I assure you that I shall, if possible, see that your reply will be published in an early issue of our paper.

Very truly yours,

H. H. H. CLARK,
Captain, Infantry Reserve, President.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., March 23, 1936.

Capt. H. H. H. CLARK,
President, Reserve Officers Association of the United States,
Missoula, Mont.

MY DEAR CAPTAIN CLARK: I have before me your letter of March 10, relative to my stand on national defense. In response to same, will refer you to chapter XVIII, verse 23, of St. John:

"Jesus answered him. 'If I have spoken evil, give testimony of the evil; but if well, why strikest thou me?'"

A reading of the entire chapter would be well worth your time.

With kindest regards and best wishes, I am,

Very cordially yours,

JOSEPH P. MONAGHAN.

IRELAND'S CONTRIBUTION TO THE UNITED STATES

Mr. MEAD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a St. Patrick's Day speech, delivered by the gentleman from Ohio [Mr. SWEENEY].

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MEAD. Mr. Speaker, under leave to extend my own remarks in the RECORD, I include the following speech delivered by my colleague the Honorable MARTIN L. SWEENEY, of Ohio, at Detroit, Mich., on March 17, 1936, under the auspices of the Knights of Equity and the National Order of Hibernians:

Mr. Toastmaster, distinguished guests, ladies, and gentlemen, at the outset permit me to thank you and your committee for affording me the opportunity to come to this busy industrial center of America on the occasion of St. Patrick's Day to meet with many old friends and representatives of the united Irish groups of this city.

St. Patrick's Day universally celebrated, as it has been for centuries, sometimes loses its significance in the character of the many so-called celebrations in honor of Ireland's patron saint. St. Patrick was essentially a religious leader, and embodied with all the attributes of a civic leader. He left a heritage unsurpassed by any of the renowned characters that have appeared on the stage of time. Bloodshed was customary when missionaries invaded pagan countries to plant the cross of the true faith. But the singular feat of St. Patrick in taking and converting a reputed hostile pagan nation to Christianity without loss of blood or life is unparalleled.

History has woven many stories of folklore and tradition around the great saint whose feast we celebrate today, but it is my humble opinion that his outstanding contribution to the world was the conversion of Ireland from paganism to Christianity. Had this not occurred, one hesitates to envision the religious, social, and economic conditions that would have followed in the centuries after his death. He left an isle that was known far and wide as the land of saints and scholars. This was true in the literal sense. One has only to delve into the archives of history to ascertain the facts substantiating the appellation, "Ireland, the land of saints and scholars", as a result of his efforts. Temples of worship and institutions of learning flourished in all parts of Ireland. In remote valleys and on the hillsides Irish monks labored over crude manuscripts, creating the foundation of our present modern civilization.

When the ruthless hand of the invader sought to destroy the laborious work perfected by these saintly disciples of St. Patrick, somehow they managed to salvage the one essential to the preservation of civilization, namely, the recorded history of the past and their arguments for sustaining their belief in the immortal trinity, illustrated and symbolically portrayed by St. Patrick in his reference to the shamrock.

Many of us have stood in reverence at the threshold of Muckcross Abbey in Killarney and at small shrines in rooms scattered throughout Ireland. In retrospect, it was not difficult to observe the Irish monks fleeing from their native soil and their temples of learning with naught but the clothes on their backs and their precious manuscripts. To all parts of the continent they went, transplanting the seeds of learning, as evidenced in the cultural development of Spain, Italy, Belgium, France, and many other Catholic countries.

The thirteenth, sometimes called the darkest of centuries, was in fact the Renaissance—the beginning of the restoration of culture and education in Europe, due principally to the courage, perseverance, and loyalty of the Irish to the Christian faith implanted by St. Patrick. Despite famine, plague, war, and the curse of illiteracy, the lamp of faith burns more brightly today than ever in the history of the Emerald Isle.

One Sunday in July not long ago I was privileged to stand on the summit of Crough Patrick, overlooking Clew Bay in County Mayo, Ireland, which permits on a clear day a splendid view of the broad Atlantic. This is the sacred spot where St. Patrick made his last novena, and history recites his prayer was: "That come what may, even though adversities be heavy, the Irish people would never lose their faith." I saw on that day of their annual pilgrimage in

excess of 30,000 men, women, and children ascend the rugged mountain to attend divine service on the spot where St. Patrick knelt for the last time, and I was satisfied his prayer was answered and he had not lived in vain. In large part the pilgrims represented the peasantry of Ireland. Many of them in bare feet climbed over sharp stones in their pathway to the top. They were the sons and daughters of ancestors, who in the dark days of religious proscription protected the priests in the lonely hideouts among the mountains of Ireland, when they offered the Sacrifice of the Mass.

It was such a spirit that infused the millions of Irish immigrants, who came to the United States to seek an asylum and escape from the cruel economic conditions that forced them to an almost state of slavery. The greatest contribution Ireland made to the United States was her exiled sons and daughters, who laid the foundation of the progress the Catholic Church enjoys in this land today. They were the hewers of wood and the drawers of water. Ireland's immigrant sons built the railroads, the canals, and commercial institutions that were destined to mark this Republic the greatest industrial and agricultural nation in the world.

Because of a forced illiteracy they had a deep appreciation of the value of education and the higher culture of life. No sacrifice was too great for educational opportunities for their children. Many Irish immigrants lived to see the suppressed ambition of their hearts and minds take form in the person of a Carroll, a Gibbons, a Kendrick, who became princes of the church in this country. They lived to behold the suppressed ambition of their hearts and minds realized in the successful career of a Victor Herbert in the field of music, a Cohan in the realm of the stage, and a Bourke Cockran in the Halls of Congress, and a Ford in the field of industry. Oh, yes; there were numerous Kellys, Burkes, and Sheas who reached the pinnacle of success in the religious, civic, and commercial life of the young Republic.

Sometimes we are accused of being overzealous in narrating the exploits of our race, and in referring to the substantial contributions made by them to the United States. We make no apology for our heritage; we make no apology for the contributions of the Irish to the United States. We answer in the words of John Boyle O'Reilly, a son of the old sod exiled to Van Dieman's land because he dared to advocate freedom for his fellowmen. After his escape from prison in Australia he came to the United States to become one of America's foremost writers and poets.

I repeat we make no apology, and we join in the sentiments expressed by John Boyle O'Reilly in responding to our critics:

"No treason we bring from Erin—nor bring we shame nor guilt!
The sword we hold may be broken, but we have not dropped the hilt!
The wreath we bear to Columbia is twisted of thorns, not bays;
And the songs we sing are saddened by thoughts of desolate days.
But the hearts we bring for freedom are washed in the surge of tears;
And we claim our rights by a people's fight outliving a thousand years."

The pitiable, heart-rending scene of an Irishman, woman, or child leaving the native land to journey and seek asylum in the four corners of the world is indelibly imprinted on the minds of many still living. They are called a nationless people and are subservient to the domination of a foreign foe, but liberty and the love of country is to them a fetish. Where in the wide world would you behold such a scene as is often witnessed in Ireland—the immigrant leaving his native land and parting from his loved ones embracing the gate post; yes, kissing the very ground sustaining the humble thatched cottage. The scene adequately demonstrates the love and loyalty to the traditions implanted by the saint whose memory we honor today.

In these days of economic distress and world-wide governmental transition, Ireland's contribution to the United States can be better appraised today than ever before. The Irish immigrants in addition to clearing the forests and developing this modern Republic—the greatest on earth—made secure the principles necessary to maintaining a form of government based upon Christian precepts. Scarcely was there an Irish home that did not send forth young men and women with vocational calling to the services of the true God. They labored unceasingly, sustained by a poor but generous people who from their hard-earned meager resources gave money sufficient to build the thousands of churches whose spires rise in the villages, towns, and cities throughout the Nation as a monument to the generosity of the Irish immigrant.

Occasionally and only recently in Congress implied reference was made to the Irish servant girl. Their contribution to this great Nation cannot be referred to in any spirit of scorn or condemnation. The old story is illustrative of the point I am seeking to make. It is told some 40 years ago two old Irishwomen were seated on the curbstone in front of St. Patrick's Cathedral in New York City, waiting for the passing of a parade. Looking up with joy at the magnificent cathedral one said to the other, "Mary, it is a beautiful building." And Mary received this reply from Bridget: "It is, indeed, a beautiful building, Mary, and just to think that your 10 cents and my 10 cents put that building up." There was more truth than poetry in the remark of the old Irishwoman. It was the thin dimes of the poor Irish that made possible the erection of the lofty churches in America.

Aside from the contributions of our race to the arts, sciences, professions, and the worth-while avocations of life, unchallenged is the record of service in the military affairs of this country. In every land where Irishmen fought their brother's battle for freedom one undying wish was dominent; whether with the wild geese on the continent of Europe, or with a Patrick Sarsfield, who, mortally wounded on Flander's field, exhaling his last breath, said, "Would that this blood were shed for Ireland." So with the Irish immigrants and their sons who fought with Washington from Concord to Yorktown, at Bunker Hill, at Valley Forge, and in every engagement of the Colonial troops they made splendid contributions. It is historical record that close to 50 percent of the enlisted personnel under General Washington were men of Irish birth, or Irish descent, and that one-third of the generals were of Irish blood. Can the Nation ever forget the contribution of Jack Barry, the founder of the American Navy, and the son of a Wexford farmer, who, when offered 20,000 guineas and a command of the British fleet if he would desert the service of the American Navy, replied:

"Not the value and command of the whole British fleet can seduce me from the cause of my country."

Except for propaganda that I shall refer to hereafter, Barry would now be proclaimed the father of the American Navy, the honor now accorded to John Paul Jones.

We cannot forget that of the first eight brigadier generals of the American Revolution two were Irish. General Montgomery fell mortally wounded at the Battle of Quebec. General Sullivan against terrific odds fought the Hessians desperately at the Battle of Long Island. Later he participated in the siege of Brandywine, Germantown, and Trenton. Some of the other Irishmen who distinguished themselves were the Moores, Ruthledges, Jacksons, Polks, Calhouns from the States of North and South Carolina. Two of them became Presidents of the United States. Every schoolboy remembers with delight his history tale of Patrick Henry, who rose in the house of the Virginia delegates and expounded the philosophy that he preferred death to the denial of liberty. He was of noble Irish birth, and one of the most powerful influences in the Revolution. Can we forget it was General Moylan who was Washington's close friend and confidant in the trying days of the Revolution? Can we forget that on a similar occasion, such as we are celebrating today, March 17, 1776, the password was "St. Patrick" among Washington's soldiers?

When the Union was imperiled and a civil war was necessary to preserve the status quo, men of Irish blood enlisted by the thousands in the Union Army, again demonstrating their courage and their loyalty to their adopted land. Scores of men like Sheridan, Sherman, and others led the Union forces to victory. Is there any doubt as to the major part played by the enlisted personnel in the Civil War? Then turn to the historical documents and peruse the pages indented with the names of the Kellys, Burkes, and Sheas, and countless Irish of that historical period. Go to Arlington Cemetery, situated outside the District line of the Capital City, in Virginia, the resting place of the Nation's soldier dead, and read inscribed on the tombstones the names of the Irish who died that this Nation might endure.

Within the memory of our friends at this gathering tonight is the generous contribution of the Irish-American boys in the last World War. The war we thought was fought to save the world for democracy. Irrespective of the issue whether it was a just or an unjust war, and that question is mooted today more than ever before, we cannot overlook the part played by those of our blood in that world catastrophe.

I recall going through the American cemetery at Belleau Woods and the other cemeteries at Soissons and along the Marne, and reading on the white crosses that mark the last resting place of the American dead the names of Murphy, O'Donnell, O'Malley, O'Brien, McGinty, and many, many more. These dead were scions of that old stock who loved liberty more than life, and were never afraid to make the supreme sacrifice to insure happiness for posterity.

Having made such splendid contribution, and recognizing credit, honor, and respect due every other racial group for the part played by men and women of their blood in the creation and preservation of this Republic, we feel we have a unique position, an obligation to insist that this Nation be free from intrigue and influence of the ancient enemy of Ireland and this Republic. I refer to Great Britain. I am not afraid of the accusation of "twisting the lion's tail", because we dare to expose the machinations of imperialistic Britain in her efforts to control, if not destroy, this the oldest Republic on earth.

Since the last redcoat left our shores after Washington's victory, a consistent propaganda and effort has been made to align us again with the so-called "mother country." Recently, I had occasion to render my feeble protest against the action of the House of Representatives in adjourning Congress in respect to the memory of the late British King, George V. I read to Congress an excerpt from a book called "Triumphant Democracy", published in 1893 by Andrew Carnegie, as follows:

"Time may dispel many pleasing illusions and destroy many noble dreams, but it shall never shake my belief that the wound caused by the wholly unlooked for and undesired separation of the mother from her child is not to bleed forever.

"Let men say what they will; therefore, I say that as surely as the sun in the heavens once shone upon Britain and American united, so surely is it one morning to rise, shine upon, and greet again the reunited state, the "British-American Union."

The Carnegie Foundation for International Peace, the English Speaking Union, and the Sulgrave Institution are the spearheads of this movement. I would add to the group the Rhodes Scholarship, the purpose of which few Americans are conscious. Cecil Rhodes, the diamond king of Africa, made his untold millions on the sweat and blood of the slaves employed in the diamond mines. This Englishman established a scholarship fund to finance two individuals each year from each of the 48 States of the Union through Oxford University. There to be trained in the philosophy

of British economics and social problems. Invariably many of these young men return to the United States as missionaries advancing Great Britain's right to rule the world. It is disgusting, to say the least, to meet with some of the Oxford literati, who affect, after short training at this distinguished English university, the mannerisms and customs of the English, even to the extent of wearing, in many cases, the famed British monocle. I have no objection to anyone wearing a monocle, especially if he is British, and I probably could tolerate an American graduate of Oxford, due to the bounty of Cecil Rhodes, wearing the famed monocle, but I should like to have him see eye to eye with the Americans who have not forgotten the sufferings of Washington and his soldiers at Valley Forge, nor the tremendous sacrifices made to bring this Government into existence. It is such agencies that denied to Commodore Jack Barry his rightful place in American history as the founder of our American Navy. Every historical research and finding gives proof to the recognized claim of those who support the fact that Barry, from the standpoint of bravery and loyalty and sacrifice rendered, was the real father of the American Navy. These agencies, except for the protest of our people, would have led us blindly into the League of Nations and the World Court, to become the cat's-paw of Great Britain.

Let me pause here to pay a tribute to the shepherd of the Detroit diocese, Most Rev. Michael J. Gallagher. Not only is he an outstanding churchman but, to my way of thinking, one of the outstanding American citizens of our generation. He has not been afraid to speak as an American against the sordid influence of Britain in our international and domestic affairs, nor has he been fearful of defending those speaking for the meek and lowly, whose voices are inarticulate in these days of economic and social disorder. I publicly acclaim his defense of the right of a Catholic priest to discuss the ills of society, as analyzed in the encyclical of a Leo XIII or a Pius XI. I am glad to state, as one citizen of this country, that we have in this section a disciple of St. Patrick, approved and supported by his bishop, who is making history and who is playing a major part in saving this country from fascism and revolution; one who is respected by every liberty-loving American, irrespective of creed or racial origin.

Reviewing the record of the race briefly as I did tonight, I add to the illustrious contribution made by the men of our race the recent and present contributions made by Father Charles E. Coughlin, whose grandparents were born on the old sod. His courage in indicting the present capitalistic system and his admonition is going a long way to salvage what is left of that system, and lay the foundation for a more permanent structure where greed and avarice will be supplanted by the social justice that God Almighty intended his children to enjoy, whether they be under a capitalistic system or any other form of government.

Were I to leave any final message to this gathering, I would say not on St. Patrick's Day alone must we open the pages of history, but every day of our existence. Some thought should be given to the record of achievement that is ours, to the end that we may be able to play our part again in joining with our fellow Americans in protecting the integrity and the permanency of this our native land. I am not so naive as to pretend not to know that the barriers that made for isolation have broken down and that a better understanding must be had among the human families of the earth. The path to enduring peace is not by aggrandizement, or the seeking of more territory, or the subjection of more people under despotic rule. Our Nation stands ever ready to lead the way, but only upon the terms and conditions that we hold fast to the independence that is ours; that we take no part in any future war seeking on the part of the aggressor to crush the national aspirations of any people in a similar position to ours in the days of the American Revolution.

If we make any indictment against the British Government, with its skilled diplomacy and its dominion over one-third of the world's territory, we do so deliberately. We have no right to interfere in the internal affairs of the British Government, and we ask as a matter of reciprocity that they stop now and in the future from interfering in our domestic and international problems.

Perhaps today there is need for a more vital patriotism. Strange as it may seem, there is no more patriotic people, nor more loyal to the Crown, than the people of England. I discussed this situation with an English gentleman at the threshold of the House of Commons not so long ago. I was protesting the divine right of kings, the tremendous upkeep of the government, the high cost of supporting the royal family, with its dukes, earls, and other titled royal bloods, their costly estates, and their castles. All which seemed repugnant to me, and relics of days long past. It was during the reign of the Labor government of Ramsay MacDonald, and my friend replied in this fashion:

"I am a socialist at heart, and I believe in the Labor government of England. Our King is only a figurehead. Your President has much more power than he has, and we have more free speech in England than you have in the United States. Despite the fact that I agree with you in condemning the divine right of kings, I have reached the conclusion you have to have a head for your government, and in my mind no better head could we have than our King. Even though I despise royalty with all its veneer and trappings, don't you know when I see the royal coach coming down Piccadilly or the Strand there is a sort of a lump rises in my throat."

That, my friends, is what I call real patriotism. I have observed British students by the thousands going through the Houses of Parliament and Westminster Abbey and St. Paul's Cathedral, their teachers pointing out the last resting places of England's departed kings, statesmen, soldiers, writers, and instilling in youthful minds the glorious leadership of the British Empire.

I wish we could arrange for every boy and girl of high-school age in the United States to see the historic monuments at Bunker Hill, Valley Forge, Washington, Yorktown; to visit Gettysburg and Bull Run; to kneel at the tomb of Washington at Mount Vernon; to journey through our national cemetery at Arlington; and to bow their heads in reverence before the Tomb of the Unknown Soldier. Then, I believe we would have a healthy patriotism that would measure, if not surpass, the cultivated patriotism that England inculcates in her youth.

Our fathers, the Irish immigrants, left a legacy. That legacy was fidelity to church and state. They paved the way, and Miss Will Allen Dromgoole in her beautiful poem briefly epitomizes the ideal of our Irish ancestors. She says:

An old man, going a lone highway,
Came, at the evening, cold and gray,
To a chasm, vast and deep and wide,
Through which was flowing a sullen tide.
The old man crossed in the twilight dim;
The sullen stream had no fears for him;
But he turned, when safe on the other side,
And built a bridge to span the tide.
"Old man", said a fellow pilgrim, near,
"You are wasting strength with building here;
Your journey will end with the ending day;
You never again must pass this way;
You have crossed the chasm, deep and wide,
Why build you the bridge at the eventide?"

The builder lifted his old gray head:
"Good friend, in the path I have come", he said,
"There followeth after me today
A youth, whose feet must pass this way.
This chasm, that has been naught to me,
To that fair-haired youth may a pitfall be.
He, too, must cross in the twilight dim;
Good friend, I am building the bridge for him."

Well they played their part in establishing this Republic on a sound basis, destined to be the leading nation of the world and an asylum for the poor, the oppressed, the political and religious refugees, who even today have to flee from persecution in foreign lands.

Ireland, now experiencing a dual form of government, we trust through evolution will soon become a united country. Her struggle for independence will go on. The sacrifice of Robert Emmet, Wolfe Tone, John Mitchell, Patrick Pearse, Michael Collins, and a host of others are fresh in the minds of her people. Her struggle for centuries to regain the glory that was once acclaimed to her still goes on. We need not review the subject tonight. It is a sad but glorious story. She will in a time planned by Divine Providence take her place among the nations of the earth.

Hold fast to the idealism of Washington and his suffering soldiers of the Valley Forge days. Unite as never before with our fellow Americans, irrespective of creed or racial identity, in preserving the free institutions of the United States and eradicating any evil influence, be it communism, fascism, or imperialism, that aims to weaken the foundation and utterly destroy this the oldest Republic now existing. With Washington, we pray that the spirit of patriotism remain with us, and proclaim our duty as we see it after the fashion that he professed on that eventful night before the Battle of Trenton, when he said: "Put none but Americans on guard tonight."

THE ANTILOBBYING BILL

Mr. CLARK of North Carolina, from the Committee on Rules, submitted the following privileged resolution (H. Res. 462), which was referred to the House Calendar and ordered printed:

House Resolution 462

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 11663, a bill to require reports of receipts and disbursements of certain contributions, to require the registration of persons engaged in attempting to influence legislation, to prescribe punishments for violation of this act, and for other purposes. That after general debate, which shall be confined to the bill and continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Judiciary, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

THE PORT OF NEW YORK DISTRICT

Mr. KENNEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including therein a radio address made by me.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. KENNEY. Mr. Speaker, under leave granted to extend my remarks in the RECORD, I include a radio address made by me in New York, as follows:

"Wake up, men and women of the great metropolitan area, as vital interests of yours are at stake, and are involved in the aggressive, competitive efforts of people and organizations, within and without your neighborhood, to nullify by arbitrary means some of the natural advantages which have been yours and especially of those who are residents and workers in what has been established as the port of New York district."

The words just quoted are the words spoken over the radio January 23, 1929, by the late Eugenius H. Outerbridge, former chairman of the Port of New York Authority.

No one was more alert to the importance of crossings between the States of New Jersey and New York. In recognition of his outstanding services and as a monument to his work the bridge connecting Tottenville, Staten Island, with Perth Amboy in New Jersey has been named the Outerbridge Crossing.

Well may his words be reechoed tonight, more than 7 years later: "Wake up, men and women of the great metropolitan area."

There is cause to be aroused, for, although we have advanced in the development of crossings between the States, the burdensome tolls exacted for use of the tunnels and bridges are retarding commerce and bearing down heavily upon the businessman, the worker, and resident of the port district.

The tolls of which complaint is made are the tolls now levied upon vehicles on all port authority crossings.

It may be well here to mention the crossings between the States.

There are two tunnels maintained by private companies, the tunnel at Thirty-fourth Street operated by the Pennsylvania Railroad Co. for the use of its trains, the other operated from New York through Jersey City to Newark and Hoboken by the Hudson & Manhattan Railroad Co. as a rapid-transit line. These are not vehicular crossings, and are referred to only because they are crossings between the States. However, it may not be remiss to observe that the tube fare of 6 cents from lower New York to Jersey City stands out favorably in contrast to the tolls of the Port of New York Authority.

All other interstate crossings are operated, maintained, and controlled by the port authority. Of these there is one tunnel and four bridges. An additional tunnel is now in course of construction to run from West Thirty-eighth Street, New York to Weehawken.

The Holland Tunnel operated by the port authority was opened to traffic on November 13, 1927. It connects Canal Street in New York to Twelfth Street and Fourteenth Street, Jersey City. When it was built the cost was paid by the two States. New Jersey issued bonds to meet its share while New York raised its part by State taxation. Beginning April 21, 1930, the port authority operated this tunnel as agent for the two States down to March 1, 1931, when by concurrent legislation of the States the control, operation, tolls, and other revenue of the Holland Tunnel were vested in the port authority.

Now we come to the bridges under the jurisdiction of the port authority.

The earliest of these were the Arthur Kill bridges. They are named the Outerbridge Crossing, connecting Tottenville, Staten Island, and Perth Amboy, N. J.; and the Goethals Bridge, linking Howland Hook, Staten Island, and Elizabeth, N. J. Both were opened to traffic June 29, 1928.

The next bridge built by the port authority was opened to traffic October 25, 1931. It is the great George Washington Bridge, spanning the Hudson River from One Hundred and Seventy-eighth Street, New York, to Fort Lee, N. J.

Shortly afterward the port authority, on November 15, 1931, opened to traffic the bridge known as the Bayonne Bridge, which connects Port Richmond, Staten Island, with Bayonne, in New Jersey.

Besides these projects the port authority has erected the Port of New York Authority Commerce Building, called Inland Terminal No. 1. The building was completed in 1931 and opened for operation October 3, 1932. It is a 16-story structure, occupying the block bounded by Eighth and Ninth Avenues and West Fifteenth and Sixteenth Streets, New York. The basement and street floor are operated by the trunk-line railroads as a union depot for less-than-carload freight. Practically the rest of the building is rented or held for rental for offices, commercial, and industrial use.

For the year ending October 31, 1935, the Port Authority Commerce Building sustained a net loss of $384,844, according to available figures, but in 1936 the authority expects, it has announced, a net income from this building of $120,000. Gross income from the structure in 1935 was $854,000, as compared with $470,000 for 10 months of 1934. The current year should meet all expectations of the authority for putting the building on a paying basis.

The 1934 port authority figures show a deficit of $280,000 on operations of the Arthur Kill Bridge. The net operating loss for 1934 was $298,852. The gross income for 1934 was greater than the 1935 income, but the deficit is less.

The Bayonne Bridge had a slight gain over 1934, but its net operating loss approximates $170,000.

If, then, the Inland Terminal Building will operate this year without loss and net $120,000, that figure may be applied against the total deficit in the operation on the Arthur Kill and Bayonne Bridges, if any, which should not exceed deficits of $280,000 for the Arthur Kill Bridge and $170,000 for the Bayonne Bridge. Taking the $120,000 from the aggregate deficits of the bridges, the total deficit from these operations should not exceed $330,000.

Considering the paying projects of the port authority, the 1935 figures disclose gross income from the George Washington Bridge of $3,854,801.71, with a net income of $1,261,609.88. Last year's figures also show a gross income from the Holland Tunnel of $6,379,647.20, leaving a net income after deductions of $2,781,347.87. The net income from these two projects for 1935 was $4,042,957.75.

For 1935 the revenue from all its facilities netted the port authority an income of $3,346,273.16, and since the Inland Terminal No. 1 had a loss last year, which, according to estimate will show a profit this year, the 1936 figures will be even more favorable.

Its 1935 gross income from all sources reached the sum of $11,975,392.24. The figure shows a gain of $837,242.64 over 1934, of $2,000,000 over 1933, and of almost $3,000,000 over 1932. The general reserve fund as of January 1, 1936, had a balance of $3,078,505, and other reserve accounts totaled about $15,000,000.

More than 19,000,000 vehicles passed through the tunnels and over the bridges of the port authority in 1935.

Having due regard for its obligations, the Port of New York Authority can and must cut the tolls on all its crossings to the point where the businessman, the worker, and resident will have full benefit of the natural advantages of the port district.

The cost of the projects of the port authority must be considered in all of its aspects, and then only as one factor in arriving at a decision as to what constitutes reasonable tolls.

So the fixed charges for bond indebtedness is only a factor in that determination.

The theory is that reduction of tolls of itself will increase traffic, and eventually revenue, where service facilities are adequate and satisfactory.

Largely on this theory the Interstate Commerce Commission recently ordered a reduction of the basic passenger rate for the structure by railroads throughout the country to 2 cents a mile.

In practice, a reduction of railroad fares in the South and West has resulted in doubling the number of passengers carried and effecting an increase in revenue. As an example, the Southern Railway, a company which charged fares ranging from 1 cent to 2½ cents per mile, found that the lowest rate produced more revenue. September 1, 1932, the Southern Railway cut passenger rates to 1.5 cents per mile in North Carolina. The result was an increase the very first month over the corresponding month of the previous year of 223 percent in passengers and 59 percent in revenue. During the same month the company as a whole showed a decrease in revenue of 33 percent. On the reduced rate the percentages of increases in passengers and revenue continued and in August 1933 reached a point of 338-percent increase in passengers and 120 percent in revenue.

In Tennessee the experiment was equally satisfactory, and the lower rate was extended over other parts of its line with similar satisfactory results.

During 1934 there was considerable agitation, in which I took part, for the elimination of pedestrian tolls on the George Washington Bridge. Finally, on January 1, 1935, the pedestrian toll was reduced from 10 cents to 5 cents, which is now in effect. But why should the port authority exact this toll, especially on week days? The income from pedestrian tolls in 1935 was approximately $5,000. The great majority of pedestrians use the bridge on Sundays and holidays. The abolition of the pedestrian toll might not materially increase the pedestrian use of the bridge, but the worker should, in any case, have a free crossing open to him should he be afoot.

A representative of the port authority at a hearing in Washington emphasized that a bridge was constructed for either railroad or vehicular purposes and pedestrian use did not enter into consideration except incidentally.

At the same hearing the proponents of a railroad bridge to be constructed at Fifty-seventh Street over the Hudson River proposed that it would furnish, along with its railroad facilities, a pedestrian crossing for which no toll would be charged.

The Tri-Borough Bridge will soon be opened. Pedestrians may cross that span free of any toll or charge.

Let us compare the charges to be made by the Tri-Borough Bridge Authority with the tolls effective on the port authority crossings.

On the Tri-Borough Bridge, passenger automobiles, taxicabs, hearses, ambulances, and horse-drawn vehicles will pay 25 cents. On port authority crossings the same vehicles must pay 50 cents, except that horse-drawn vehicles are not permitted in its tunnel.

Other comparative tolls are:

Motorcycles: Tri-Borough toll, 15 cents; port authority toll, 25 cents.

Bicycles: Tri-Borough toll, 10 cents; port authority toll, 25 cents.

Two-axle trucks, load capacity 2 tons and under: Tri-Borough toll, 25 cents; port authority toll, 50 cents.

Two-axle trucks, load capacity over 2 tons, but not over 5 tons capacity: Tri-Borough toll, 35 cents; port authority toll, 75 cents.

Two-axle trucks, load capacity over 5 tons: Tri-Borough toll, 50 cents; port authority toll, $1.

Three-axle trucks or tractor and semitrailer: Tri-Borough toll, 60 cents; port authority toll, 75 cents to $1.25.

Four-axle trucks and trailers, or tractor and trailer: Tri-Borough toll, 75 cents; port authority toll, $1.50.

The city of Camden, N. J., is not in or under the jurisdiction of the Port of New York Authority. The Camden bridge spanning

the Delaware connects that city with Philadelphia. The users of that bridge are getting the benefit of a 25-cent vehicular toll, while in the world's greatest port district a charge of 50 cents is made to cross the Hudson.

Furthermore, rail rapid transit will be shortly placed on the Camden Bridge, while nothing has been definitely proposed for the George Washington Bridge, although that bridge was originally designed and built for rapid-transit purposes.

It has been intimated that should the privately proposed railroad bridge with rapid-transit facilities be built across the Hudson at Fifty-seventh Street, any adequate plan for a publicly owned interstate transit system over the George Washington Bridge to serve northern New Jersey would be thwarted. But would rapid-transit facilities at Fifty-seventh Street more seriously compete with rapid transit at One Hundred and Seventy-eighth Street than will vehicular traffic at Thirty-eighth Street compete with vehicular traffic in the Holland Tunnel at Canal Street or the vehicular traffic at One Hundred and Seventy-eighth Street. Or would the Jenny plan of rapid transit under the lower part of the Hudson compete seriously with rapid transit across the George Washington Bridge?

To a letter of mine dated February 8 the general manager of the port authority replied on the 20th regarding rapid transit over the George Washington Bridge, writing that much more is involved than the mere suspension of the second deck and the laying of rails on the bridge itself, and that a complete system connecting at both sides of the bridge is essential to the provision of an adequate rapid-transit service for northern New Jersey.

Pursuant to a joint resolution passed in the New Jersey Legislature on February 10th, the port authority is now engaged in preparing a report on the subject.

The people of northern New Jersey have been long handicapped by the lack of rapid-transit facilities. They have been urging them, demanding them. The Port of New York Authority has responded, as I have indicated, but difficulties may arise and especially so in the essential connection of any system on the New York side of the Hudson, due to influences that frequently fail to realize that New Jersey is an integral part of the port district.

Rapid transit will come, as it is bound to come, but meanwhile and immediately the port authority can consider the reduction of the bridge and tunnel tolls. Passenger automobiles, two-axle trucks with a load capacity of 2 tons or under, taxicabs, ambulances, and horse-drawn vehicles are entitled to a toll of 25 cents. New Jersey is far more populous opposite New York than is Camden across the Delaware from Philadelphia. There is no good reason why the Hudson toll should be more than the Delaware toll for these vehicles.

The bus toll charged on the George Washington Bridge is exorbitant. It costs $1 to run a passenger bus one way across the bridge. The expense to the passenger is 10 cents. If the New Jersey area of the port is to develop, and if New York workers and residents are to have, as they should, ready and reasonable access to the New Jersey side of the district, the bridge and tunnel transportation charges must be drastically revised. Vehicular passengers ought to ride for a 5-cent fare. As long as the bus toll is $1 they cannot do so. The port authority owes it to the people of the district to act accordingly.

What is the port of New York district?

In 1921 the Congress of the United States, by a joint resolution, granted its consent to an agreement or compact entered into between the State of New York and the State of New Jersey for the creation of the port of New York district and the establishment of the Port of New York Authority for the comprehensive development of the port of New York.

The compact approved by Congress describes the district as beginning about 2.1 miles northwest of the pier at Piermont, N. Y.; thence running southwesterly to Westwood, Bergen County, N. J.; thence southwesterly west of the city of Paterson, Caldwell, Summit, and Plainfield to south of New Brunswick; thence in an easterly direction south of Mattawan crossing Monmouth County to a point in the Atlantic Ocean south of Atlantic Highlands; thence northerly across Long Island east of Jamaica, west of New Hyde Park, and east of the shore of Manhasset Bay at Port Washington, crossing Long Island Sound to the boundary line between New York and Connecticut at Portchester; thence northwesterly north of White Plains and crossing the Hudson River to the place of beginning north of Piermont.

The district has an area about 25 miles in radius and includes the city of New York and the cities of Jersey City, Newark, Hoboken, Passaic, and Paterson.

The Port of New York Authority created by the compact of the States is a body corporate and politic, an instrumentality of the States of New York and New Jersey consisting of 12 commissioners, 6 New York members chosen by the State of New York and 6 New Jersey members chosen by the State of New Jersey.

The authority is vested with power to purchase, lease, and/or operate any terminal or transportation facility within the port district; to make charges for the use thereof; and to hold, lease, and operate real and personal property; to borrow money; and to secure its loans by bonds and mortgages. It derives all its income from its tunnel, bridges, and terminal building.

Personally I have a high regard for the commissioners of the port authority. They are able men, devoted to the interests of the entire port district. But I sometimes wonder if they are not hampered in their efforts by business and community jealousies within the confines of New York. Again listen to the words of Mr. Outerbridge, former chairman of the authority: "* * * in business as in private life and between communities as between individuals that green-eyed monster called 'jealousy' springs to life and grows in intensity as the object on which it has cast its coveted eyes grows in envious importance."

It will be remembered, perhaps, that Jersey City has in recent years attracted great industries and rich investments away from the east side of the Hudson. Not long ago the New York Stock Exchange threatened to move to Jersey City or Newark. Many leading industries have established themselves in the port cities of New Jersey. Can New York interests be jealous of the New Jersey side of the port's commerce?

Well, Thomas E. Rush, former Surveyor of the Port of New York, has said:

"New York began with a desire for commerce, was seized by one nation from another because of lust for commerce, was governed and misgoverned with a view to commerce, and grew to its present stature by serving commerce."

When, in 1919, a port treaty was proposed between New York and New Jersey, Greater New York's mayor at that time was neutral, and the city's other officials were either neutral or opposed to the proposition. Some business organizations were for it; others voiced opposition.

Nevertheless, 2 years later brought the compact between the two States by which the State lines were broken down and a single unified port district established.

It is and must be treated as one unified district. Each is an essential part of the whole port area. The prosperity of all is at stake. New Yorkers are vitally affected by the business of Jerseymen and vice versa. And what happens here affects the entire Nation.

Alex. C. Humphreys, former president of Stevens Institute of Technology at Hoboken, years ago said on that score:

"Unquestionably the development of the port of New York and its proper administration not only greatly concerns the prosperity of New York City and New York State but concerns the prosperity of the Nation at large."

In February 1918, Hon. Calvin Tomkins, then dock commissioner of greater New York, in an address made in New York had this to say:

"Improved communication between the New York and New Jersey sides of the port is the crux of the port organization here, and all-rail transit by protracting the New Jersey roads over and under the Hudson River to New York and thence to New England will be the ultimate cure of our port defects, but in the interim and as a necessary step in progressive development vehicular tunnels and modern New Jersey terminals can easily be constructed and are absolutely necessary."

The question of port organization comes under two classes—one, war organization for imminent use, and the other for peacetimes. Three important things to be done are: (1) Development of a great modern terminal at Jersey City, thus utilizing motor trucks and lighterage to a greater extent; (2) construction of vehicular tunnels; (3) all-rail connections either by tunnel or bridge with Manhattan.

Of these we have only a vehicular tunnel and vehicular bridges. But what do they avail if their use is prohibitive because of excessive tolls?

It is the function of the authority to effect economies which would reduce the cost of living and doing business in the port district, and to aid in the upbuilding of its industries and commerce.

Is this being done by the authority, particularly in the northern area of New Jersey? The authority does not have the taxing power, but it has even greater power. Its revenues may, by law, be applied to the cost of construction, maintenance, and operation of its tunnel and bridge as a group, so that they as a group shall be self-sustaining.

New building operations could prolong indefinitely the high tolls charged the patrons of the paying crossings now in operation, with the result that the authority could continue to tell our businessmen, workers, and residents that they are not paying one penny of tax, and keep on doing as they are now doing—exacting millions every year from the present generation.

The port authority, I am confident, will not deny the public interest. Public interest demands a reduction in tolls on all port authority interstate crossings.

ELECTRIC HOME AND FARM AUTHORITY

Mr. O'CONNOR, from the Committee on Rules (on behalf of Mr. Cox), submitted the following privileged resolution (H. Res. 461), which was referred to the House Calendar and ordered printed:

House Resolution 461

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of S. 3424, a bill to continue Electric Home and Farm Authority as an agency of the United States until February 1937, and for other purposes. That after general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question

shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

PERMISSION TO ADDRESS THE HOUSE

Mr. DUNN of Mississippi. Mr. Speaker, I ask unanimous consent that on tomorrow, after the reading of the Journal and the disposition of matters on the Speaker's desk, I may be permitted to address the House for 20 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

FURTHER RECLAMATION IS AGAINST THE INTERESTS OF THE FARMERS, WHETHER EAST OR WEST

Mr. CULKIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including a radio address delivered by me.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. CULKIN. Mr. Speaker, under leave to extend my remarks I include the following address, which I delivered over the National Broadcasting System on Saturday, March 21, at 12:30 p. m.:

Fellow citizens, I am indebted to the National Broadcasting Co. for this opportunity of speaking to the farmers of the Nation, and to Mr. Fred Brenckman, the able representative of the National Grange in Washington, who was the bearer of the invitation.

When I first came to Congress in 1928, my attention was called to the strange procedure whereby the Federal Government was bringing additional lands into production in competition with farmers already on the land.

I knew that industry would bitterly resent such an invasion, and I believe that the true American concept of governmental function is traditionally opposed to such procedure. The country knows that the problem of the farmers yesterday and since the close of the Great War has been the problem of surplus. Congress recognized that in legislating to the end that existing surpluses might be controlled so that the farmer might get a living price for his product.

Every thinking American concurs in the proposition that the return to normal times is dependent very largely upon reestablishing the buying power of the farmer. Upon this restoration of prosperity to the farmers of the Nation depends the well-being and indeed the future life of the industrial States.

The country has witnessed under the A. A. A. the disbursement of a billion and a half dollars for the purpose of annually retiring 35,000,000 acres from production, for the avowed intent of obtaining parity prices for agriculture. The country has witnessed at the same time and in the same years the extraordinary and remarkable spectacle of the Federal Government entering upon what will amount to an ultimate disbursement of $1,500,000,000 in order to bring 4,000,000 acres into production. The history of civilization presents no conflict of policy so stupid as this.

May I state that my study of the question was not accidental or gratuitous? The farmers in my district complained to me that they were being destroyed in the New York, Philadelphia, and Chicago markets by competition from products grown on Government-reclaimed lands. I was led to make an investigation of the subject and came to the conclusion that not only were the farmers in New York State being wrecked by this fatal procedure but that the farmers in the West and the Southwest were also being driven to the wall. I learned that the National Grange and indeed every Secretary of Agriculture in recent years had opposed this weird policy. The Grange leadership has protested in thunderous tones. In the September 1928 issue of the Nation's Business, Louis J. Taber, master of the National Grange, made the following pertinent inquiry:

"If the steel industry, the automobile industry, or any of our other great manufacturing industries were suffering from a depression of 7 years' duration, occasioned at least in part by overproduction, what would be said if Congress should consider spending hundreds of millions of dollars for more plants for more overproduction?"

It is a matter of common knowledge that both parties of Congress reached an agreement in 1930 that no further lands would be developed until America had caught up. Shoulder to shoulder with the representatives of the farming districts in the North and Middle West, I have fought against this mistaken policy. Thus far we have fought in vain largely because the farmers and farm groups, except the Grange, have been passive.

They have been lulled into security by the familiar fiction that reclamation adds but 1 percent to the present crop production in America. My colleagues from the reclamation States have been saying this for the past 20 years. The fact is that in some fields the increased croppage rises as high as 50 percent, and the tables show that 11 percent of the total crops in America are raised on lands every acre of which has been either reclaimed by the Government or on private projects fostered and engineered by the Federal Bureau of Reclamation.

I repeat that it will cost over a billion and a half dollars to complete the present projects. Much of this money will come from the farm States, including Minnesota, Wisconsin, Kansas, and Iowa. In other words, this willful group in the Department of the Interior, which has the mad urge to make two blades of grass grow where none grew before, is using the money of the farmers for the purpose of destroying them by added competition.

May I say that I have the national viewpoint and am for a rational development of all sections of America. I sympathize with the needs and ambitions of every State, so long as they are economically sound and not destructive of preexisting rights. In fact, I specially plead today for the farmers who are already on the land in the reclaimed areas of the West. They will be the first to bear the brunt of the added croppage from these irrigated lands.

The National Grange has been for the relief of the farmers on irrigated farms. It has advocated the moratorium and other relief for water users on this type of land. I have vigorously supported such measures in the House.

Putting these 4,000,000 acres into production will further handicap the already grievous situation of the dairymen, for our friends in the Reclamation Bureau are stressing dairying in all their literature. It will destroy the California growers of soft fruit, including pears, peaches, and apricots. It will destroy the Oregon and Idaho farmers by new plantings of apples and potatoes. It will furnish additional and destructive competition to the fruit growers of Virginia, Pennsylvania, New Jersey, New York, the New England States, Ohio, Michigan, and southern Illinois. Putting these lands into production will seriously affect the present difficult situation of the wheat and corn farmers in Kansas, Iowa, Minnesota, and the Dakotas.

Every foot of land reclaimed reduces the value of the existing farm acreage. One real dirt farmer from the State of Washington writes me:

"The placing of more lands under irrigation at this time is nothing short of confiscation of the homes and ranches of those people who have already invested their life savings in this State."

The projects now under construction are 41 in number. One of them involves tunneling under the Rocky Mountains; another, turning back the waters of the ocean, after the fashion of King Canute. Many of them are equally fantastic. Here are some of them, with the cost:

Gila project, Arizona	$48,000,000
Central Valley project, California	170,000,000
Carlsbad project, New Mexico	4,500,000
Deschutes project, Oregon	2,000,000
Yakima project, Washington	14,466,600
Provo River project, Utah	10,000,000
Casper-Alcova project, Wyoming	27,000,000
Riverton project, Wyoming	15,000,000
Shoshone project, Wyoming	11,500,000
Grand Coulee project, Washington	490,000,000

These projects, with others that I do not have time to enumerate, will bring 4,000,000 additional acres into production at a cost to the Federal Treasury of a billion and a half dollars. It means that the Bureau of Reclamation does not intend that the farmers of the Nation shall catch up. It means that crop surpluses, like Tennyson's brook, will go on forever. The cure for this destructive economic evil is simple.

Public opinion vigorously expressed is still the most powerful influence in America. Let the farmers of the Nation demand that the Bureau of Reclamation be put in the Department of Agriculture where it belongs. I urge them to take action by grange resolution or otherwise asking Congress to so legislate.

Let the farmers—North, East, South, and West—get into action and serve notice on Congress that this business of destroying them through the medium of Government reclaimed lands must cease, until America, by reason of increased population or increased export trade, no longer has agricultural overproduction.

LETTER TO H. P. DROUGHT, TEXAS STATE ADMINISTRATOR OF W. P. A.

Mr. BLANTON. Mr. Speaker, I ask to extend my remarks, and, with the consent of my colleague the gentleman from Texas [Mr. EAGLE], I ask unanimous consent to print in the RECORD a short letter which our colleague the gentleman from Texas [Mr. EAGLE] has written to Mr. Drought, the State administrator of W. P. A.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BLANTON. Mr. Speaker, there are 21 Representatives in Congress from the State of Texas. Every one of them have been shamefully treated by Harry P. Drought, State administrator for the Works Progress Administration in Texas. In order to prevent the Texas Representatives from making any appointments in their respective districts, Harry Drought designedly, purposely, deliberately, and arbitrarily divided Texas up into 20 mongrel districts, specially framed so that part of each Member's district would be embraced within several of Drought's 20 arbitrary districts.

For instance, you will find some of my counties in Harry Drought's seventh district, some in his eighth district, and some in his thirteenth district, all three with headquarters in different places, some far removed from my district.

When any official from one of my counties writes or wires me about some W. P. A. project it is necessary for my office first to check up with Harry Drought's arbitrary map to ascertain in which of his mongrel arbitrary districts he has seen fit to place that county, so as to find out where the headquarters office is that handles the project business of that county.

If Harry Drought had wanted to be fair with Texas Representatives, and had not intended to commit a fraud upon them, he would have handled Texas by accepting its already well defined 21 congressional districts, and would not have arbitrarily cut up these 21 districts into 20 arbitrary districts of his own.

Not a Texas Member has a kind feeling for Harry Drought. Not a Texas Member has any use for him. The letter which my colleague from Texas [Mr. EAGLE] wrote to Harry Drought so well expresses the sentiments in the hearts of all Texas Members that I thought it should go into the RECORD. It is as follows:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., March 23, 1936.

Mr. H. P. DROUGHT,
State Administrator, Works Progress Administration,
Smith-Young Tower, San Antonio, Tex.

DEAR SIR: Yours of March 18, with enclosures, received today.

As you paid no attention to me or my views or wishes up to this time while you were putting people on, there is no need to inform me (or any other Texas Congressman) of the worries and complaints you anticipate, now that you are to let workers off the rolls.

My task will be simple if any who are to be let off complain to me. I shall merely inform them that the 21 congressional districts were so ignored that no Congressman would be consulted in putting men on, in order to throw all patronage to the Senators, while the people held the Congressmen responsible; that, as part of the conspiracy, therefore, you paid no respect to my recommendations nor did you consult me, but handled it exactly as you pleased; that, therefore, I am not responsible for any detail of your administration, and hence have no power to aid any discharged worker.

And all of the above are the plain facts.

You need not bother to take any of your matters up with me. You "high hatted" the people's Representatives from the very beginning till now. You would not play politics, you said; and, of course, it is not politics for you to allow Senators to suggest persons you appointed, but it is, of course, politics if you had honored the recommendation of the Congressmen. So you took over, body and breeches, the old political senatorial P. W. A. organization and used it for your latest work of W. P. A. No politics at all.

Just go ahead and "pull your own chestnuts out of the fire"; don't try to lay, as you do in yours of 18th, with enclosures, predicate to expect us to be "suckers" enough now to pull them out for you.

When the going was easy for you, you did not then notice me. Now, when your political going is getting hard, you need not now notice me.

Yours truly,

JOE H. EAGLE.

LONG- AND SHORT-HAUL RATES

Mr. RAYBURN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 3263) to amend paragraph (1) of section 4 of the Interstate Commerce Act, as amended February 28, 1920 (U. S. C., title 49, sec. 4).

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 3263, with Mr. WILCOX in the chair.

The Clerk read the title of the bill.

Mr. RAYBURN. Mr. Chairman, I yield 20 minutes to the gentleman from Colorado [Mr. MARTIN].

Mr. MARTIN of Colorado. Mr. Chairman, section 4 of the Interstate Commerce Act is a long subject and 20 minutes is a short time, and I shall therefore have to beg to be permitted to proceed without interruption.

At the outset I feel I would be less than frank with the Members of the Committee who are interested in this proposed legislation if I did not make some mention of my ties and sympathies with the railway employees of this country.

I come of a railroad family, men in the ranks. My father, at the close of the Civil War, became a railroad construction worker in the West. My next brother, a locomotive engineer, died at his throttle in a collision. My youngest brother is still a locomotive engineer in the service; and, as the gentleman from Ohio, my friend, Mr. COOPER, stated to you the other day in debate, I once occupied a position in the cab of a locomotive, but unlike my friend COOPER, I did not attain the exalted station on the right-hand side, as we call it. I was that humble and murky individual down on the deck who produced the power, or, as we used to say in the vernacular of the railroad, furnished the fog, and I put in 4 years at it, and 4 years in even humbler capacities, including a year on the section at $1.10 per day. The gentleman from Ohio [Mr. COOPER] talked about his 4 long years waiting to become an engineer. I put in 4 long years with a scoop shovel on the deck of a locomotive, and then my railroad career was terminated at that fateful time known to old-timers as '94, but, as Kipling said, that is another story.

When I came to the Sixty-first Congress I was the first member of the Brotherhood of Locomotive Firemen ever elected to a seat in this body, and, so far as I know, while I was out many years, I believe that is still the case.

I was glad, Mr. Chairman and Members, that as the hearing progressed on this bill I found I could go along with the railroad men of this country on the merits of this legislation. [Applause.] And make no mistake about one thing, the railway men of America are a unit for the Pettengill bill.

Four spokesmen for the 21 standard railway organizations appeared before our committee in behalf of the bill. They consumed only 1 hour, but it was a stirring hour. If that hour by those four men could be put on in this House, it would make more votes for this legislation than everything that will be said here.

They have seen their members dwindle from around 2,000,000 to 1,000,000 men in the last 15 years. They are now faced with the economies being forced on the railroads of the country which may decrease their number 150,000 to 200,000 more.

The railway men of America, the high-grade railway men of America, are fast disappearing from the American transportation picture. They have their backs to the wall, and that is why they are for this bill. [Applause.]

Now, Mr. Chairman, the hearings on this bill consumed over 3 weeks and produced more than a thousand pages of testimony. I was present at every hearing and heard every witness. I was an attentive listener for two reasons: First, all I did not know about the fourth section of the Interstate Commerce Act would make a very big book, and all I do not know yet would be a valuable mass of information.

I feel no embarrassment in making such a statement when high operating railway officials before the committee were quick in saying: "I am not a rate expert. Do not ask me about rates. You will have to ask the tariff rate experts who make rates under the fourth section."

Rate making under the fourth section has entered into the realm of high mathematics, and as one brilliant witness said, it has become crystallized and so complex that this witness, for 20 years a traffic expert and 10 years an attorney for the Interstate Commerce Commission, said that there were tariff schedules worked out under the fourth section that even members of the Commission could not apply, and that when the operating officials and shippers got the schedules they were not able to determine what the new rates were or ought to be.

THE LAW'S DELAY

No consideration of section 4 would be complete without some reference to the enormous difficulties and delays involved in fourth section relief. All the rail carriers and the traffic bodies who appeared for the Pettengill bill complained of the complexities involved and the delays suffered by the carriers and shippers, applications often being so protracted

that the relief was of little value when finally granted. From 1 and 2 years to a period of years is often consumed in disposing of applications. A witness, Mr. F. C. Hillyer, representing the Jacksonville (Fla.) Chamber of Commerce, and traffic bodies in Florida, who was for 11 years an examining attorney in the Interstate Commerce Commission, and a career man in interstate-commerce practice, summarized it when he said:

The administration of this law (fourth section) has become so complex that it is literally past the understanding of the average man.

He said:

A recent large agency tariff of rates between the Ohio River and southeastern points contained about 7 pages of rates and about 150 pages of routings and routing restrictions.

He shows that the system has become frozen, crystallized, not only hampering rail transportation but sometimes driving shippers to other forms of transportation not so burdened. The testimony of other witnesses is replete with such statements and complaints. Rate making under the fourth section appears to have become a complex science in which the ends seem to be swallowed up in the means. A reading of Mr. Hillyer's statement, beginning on page 386 of the hearings, is very informative.

Mr. Chairman, another reason why I was a very attentive listener on these sessions of the committee is that I come not only from out where the West begins but out where the intermountain country begins, and where the long and short haul begins to be more controversial, as shown by reports of the Interstate Commerce Commission, than in any other section of the country.

It is a hot spot, and some Members from that area have said that the long and short haul is loaded with dynamite or suicide out in our country. Naturally, a man who has to choose between suicide and being dynamited would be interested in any proposed legislation relating thereto. [Laughter.]

Starting the hearings in a rather critical—I might say, opposing—attitude, I came out at the end of the hearings with the conclusion that the railway companies of America not only greatly need this legislation, but that if section 4 were not now in the Interstate Commerce Act there would be no proposal whatever to put it in. That is the change that has occurred in the transportation world in this country in the last 15 or 20 years.

Mr. PIERCE. Mr. Chairman, is the gentleman yielding to questions?

Mr. MARTIN of Colorado. I am not yielding; I am sorry. Already I have used half of my time and not said anything. I had arranged an orderly presentation of this subject, beginning with the enactment of the Interstate Commerce Act, but which time forbids, and which I propose to put into the RECORD at this point, and I recommend that Members read it—the first matter I am passing over being the history of section 4 of the Interstate Commerce Act, and the next an analysis of pending bills, which features I believe you will find clearly, briefly, and informatively treated.

HISTORY OF SECTION 4 OF THE INTERSTATE COMMERCE ACT

The Interstate Commerce Act, enacted in 1887, grew out of the necessity of regulating railway rates and practices. At that time, according to various statements of the Interstate Commerce Commission, discriminations against individuals, classes of business, and communities in favor of other individuals, classes of business, and communities were rife all over the country. The railways had a monopoly of transportation. It was the heyday of railway rule. It became necessary to place railway operations under Federal regulation, and the result was the Interstate Commerce Act of 1887.

From the beginning the chief regulatory provisions of the act as it affects rates and practices in the transportation of freight and passengers has been section 4. That section, now on the statute books for 48 years, has been but twice amended—once in 1910 and again in 1920.

The most controversial feature of section 4 is the long- and short-haul clause. Briefly this means that a carrier shall not charge more for a short than a long haul. Throughout the history of the act this clause has been changed only once, and that in but a few words, but this change was fraught with far-reaching consequences in the interpretation and administration of the law and the effect upon rate charges and structures.

ORIGINAL LONG- AND SHORT-HAUL CLAUSE

As originally enacted in 1887, the long- and short-haul clause reads:

It shall be unlawful for any common carriers * * * to charge or receive any greater compensation in the aggregate for the transportation of passengers, or like kind of property, under substantially similar circumstances and conditions—

Note these words:

under substantially similar circumstances and conditions, for a shorter than for a longer distance over the same line in the same direction, the shorter being included within the longer distance.

With power in the Commission to afford relief in specific cases.

THE CHANGE OF 1910

This clause remained in effect for 23 years; that is, from 1887 to 1910. The principal change wrought in 1910 was the elimination of the phrase "under substantially similar circumstances and conditions."

The reason for the elimination of this phrase was that the carriers construed it to authorize a greater charge for a short haul than a long haul under dissimilar circumstances and conditions, and the circumstances and conditions were usually considered by the carriers to be dissimilar. This construction by the carriers is claimed by the opponents of the pending legislation to have been responsible for the great mass of discriminations in freight charges at intermediate points throughout the country, and particularly in the western or intermountain country, which region has always been, and still is, the chief field of opposition to any change in section 4 of the act.

The Interstate Commerce Commission overruled the construction placed by the carriers on this phrase, but the Supreme Court of the United States sustained the carriers, and the result was the practical nullification of the long- and short-haul clause as originally enacted in 1887. This resulted in the first amendment to the act, that of 1910, in which this phrase was eliminated.

THE CHANGES OF 1920

In addition to the almost unlimited leeway in the fixing of rates given the carriers by the phrase, the act prior to 1910 had not been construed to authorize the Interstate Commerce Commission to fix rates. It may be said, therefore, that prior to 1910 there was little railroad rate legislation in the highly restricted sense we have had since 1910. In 1920 the second and last changes were made in section 4, by the addition of three more rules, which may be stated as follows:

First. The through rate must be reasonably compensatory.

Second. The equidistant rule, governing intermediate rates on circuitous competing lines.

Third. Forbidding of rate reductions to rail carriers to meet potential water competition.

I shall not undertake any lengthy explanation of the reasonably compensatory clause and the equidistant rule. It would be pretending a knowledge of something that I do not understand and is wholly beyond my ability to comprehend. These two rules belong in the realm of higher mathematics. Even the most experienced railway operating officials admit that they are not qualified to discuss the intricacies and operation of these rules. These are matters for the technicians of the trade.

A complicated formula has been worked out of the compensatory clause after years of experimentation, but so many elements enter into it that it has been a constant subject of dispute and difficulty between the Commission, the carriers, and the shippers.

And, after 15 years, the Coordinator, in House Document 89, Seventy-fourth Congress, says:

The controversy as to the meaning of the words "reasonably compensatory" still continues.

Competent rate experts having no connection with the railways claim that the Commission has power under other sections of the act and particularly section 15, which empowers the Commission to fix both minimum and maximum rates, to fix a reasonably compensatory rate as nearly as may be.

The equidistant rule, fixing rates at the intermediate points on circuitous routes which compete with direct routes, is so complex that in many cases neither operating officials nor shippers can interpret or apply them or determine what the rate is. Cases are known in which 5 or 6 pages of rates require 150 pages of routings, involving great delay and expense in the preparation. A witness before the committee who had been for 10 years an attorney in the Interstate Commerce Commission made the statement to our committee that there were equidistant schedules which even members of the Commission could not apply.

The rule against granting the rail carriers relief against potential water competition is simple. It works out in this way: Before the water competition begins it is too early to grant relief; after it begins it is too late. This is a brief but fair statement of the operation of the rule.

A case in point was certain railroad tonnage from St. Louis to Cincinnati. It was proposed to put in a competing water service to bid for this tonnage. The rail carriers applied to the Interstate Commerce Commission for fourth-section relief. Fourth-section relief means that the carrier be permitted to reduce its rates to the competitive point, without a corresponding reduction in rates to intermediate points.

In the St. Louis to Cincinnati case, the application was held premature and fourth-section relief was denied, thereafter the water competition was established, and after it had taken about one-third of the rail tonnage the rail carriers again applied for fourth-section relief, but this was denied them on the grounds that vested rights in the competing service had supervened and that recovery of the lost tonnage was speculative anyhow.

ANALYSIS OF PENDING BILLS

There are several bills pending for the amendment of section 4, but the two principal bills are H. R. 3263 by the gentleman from Indiana [Mr. PETTENGILL] and H. R. 5362 by the gentleman from Texas [Mr. RAYBURN], known as the Eastman bill.

The Pettengill bill is very brief. It is in fact one clause of the existing section 4, to wit:

> That it shall be unlawful for any common carrier * * * to charge or receive any greater compensation as a through rate than the aggregate of the intermediate rates;

With a proviso added in committee that the burden of proof shall be upon the carrier to justify a lower rate for a long than for a short haul against any claim of violation of sections 1, 2, and 3 of the Interstate Commerce Act.

Section 1 requires all rail rates to be just and reasonable.

Section 2 forbids unjust discrimination in rail rates.

Section 3 forbids undue preferences and prejudices in rail rates.

In addition, section 15 confers upon the Commission the power to prescribe maximum and minimum rates and the power to suspend rates. All these powers are unaffected by the Pettengill bill.

It may be stated at this point that Coordinator Eastman, who is opposed to the bill, stated before the Rules Committee that the Commission could still exercise all the powers of rate regulation under the bill that it may exercise under the existing law; but he expressed the view that the repeal by Congress of the long- and short-haul clause would be regarded by the courts as an expression of intent—that Congress must have intended something by the change. Congress, of course, would intend something; it would intend to relieve the rail carriers of a drastic, outworn restriction, which ties not only the hands of the carriers but the hands of the Commission, and places the carriers at the mercy of great new and favored forms of competing transportation.

The Rayburn bill is the reenactment of the present long-and-short-haul clause of section 4 as amended in 1910. The Rayburn bill simply drops out the additions of 1920—that is, the reasonably compensatory clause, the equidistant rule governing circuitous routes, and the potential water-competition clause.

It was my conclusion, reached as the result of exhaustive hearings, to which I gave most diligent attention and with my mind open to the evidence, that merely the dropping of the amendments of 1920 would not reach the seat of the trouble and would not furnish sufficient relief in a field where relief is greatly needed.

Upon one point I am clear—that is, upon the need of substantial relief for the rail carriers of the country unless the country wants to have on its hands some fine day about $20,000,000,000 worth of bankrupt railroads, one-fourth of them now in receiverships, and which are and must continue to be the country's principal, most dependable, and by far the most valuable transportation structure and wholly indispensable to the national defense.

ANCIENT PRACTICES AND ABUSES

Mr. Chairman, if I could contribute but one thought to this controversy, it would be this, and I want you to keep it in mind throughout the debate: It is that until 1910 there was virtually no rate regulation, that the railroads had a complete monopoly of all inland transportation, that the railroads had not submitted and become habituated to Government control, and that the railroads were then a political power in the State and Federal Governments. That picture has not merely changed; it has passed completely away.

So far as regulation is concerned, the change was briefly but completely summarized during the consideration of the holding company bill last year by the Christian Science Monitor, when it stated editorially that—

> The holding companies are now in the status once occupied by the railroads, which have now become the most drastically regulated activity in the United States. There is nothing in the shape of public regulation comparable with it. The Interstate Commerce Commission is the oldest and strongest Government regulatory body.

That the change in the field of transportation, which is of much greater importance to the railroads, has been even greater than in the field of regulation I will shortly undertake to show.

In the hearings almost without exception the opponents of the bill went back to a time when the railways enjoyed an almost complete monopoly of transportation, were unregulated, and were as well a political power in the country. I remarked several times to witnesses during the course of the hearings, and I repeat it here, that I considered precedents of more than 15 years' standing regarding railroad conditions, practices, and abuses, and certainly precedents antedating the World War, as of very little value in shedding light on the solution of this problem.

I find corroboration of this view in the following paragraph from the report of the Federal Coordinator of Transportation, Senate Document No. 152, Seventy-third Congress, second session:

> The past 15 years have been a period of great change, development, and adjustment in transportation, not only in this country but all over the world. There has been an extraordinary growth in the use of other means of transporting persons and property as a substitute for railroad transportation. Two of these means were new—the highway motor vehicle and the airplane—one, the pipe line, has been in use for many years, but experienced a sudden and rapid new development; another, carriage by water, is one of the oldest forms of transportation, but has recently gained a relative importance in this country, principally through the opening of the Panama Canal and the improvement of inland waterways. The electric transmission line transports only energy but it tends to reduce the transportation by the railroads of stored energy in the form of coal.

As an example of the nature of much of the opposition to the bill, one witness read at length from a decision rendered by Judge Thomas Cooley, one of the first Interstate Commerce Commissioners, in 1887. It was a very able opinion as to the original need for the act. After some 10 or 15 minutes I asked the witness, "Are you still reading from Judge Cooley's decision of 1887?" Since 1887 and very long after 1887 a great change has occurred in the transportation picture as it affects the railroads. With many of the railroads in bankruptcy and indebted to the

Government for a half billion dollars; with a capital investment of less than $200,000,000 in shipping taking practically all of the intercoastal traffic through the Panama Canal from a rail-carrier investment of more than $20,000,000,000; with a decline in gross rail receipts from six-billions-odd in 1929 to three-billions-odd in 1934; with a decline in working personnel during the last decade from 2,000,000 to 1,000,000 men; beset on both land and water and in the air by formidable, growing, and largely unregulated forms of competition, as summarized by Mr. Eastman, which have to furnish nothing in the field of transportation except the vehicles for moving traffic, the situation as presented is vastly different and is a matter of grave concern, not only to the carriers and their employees but to the country.

On the financial condition of the railroads the following very significant sentence is quoted from the report of the Coordinator to the Seventy-fourth Congress, House Document No. 89, page 35:

Only a few railroads are paying dividends, and more than a billion and a half in bonds are in default.

LAND GRANTS AND OLD ABUSES

Many times during the hearings opponents of the Pettengill bill mentioned the large railroad land grants as in the nature of important subsidies to the railroads. Going back 60 and 70 years for an argument against the railroads. It is true that when the transcontinental lines were built they were given large grants of the public domain, but there is not wanting evidence that they have paid well for this early-day aid. Most of these grants have long since been disposed of, and perhaps much of what is left is largely a tax burden. That cooky has been eaten. On the other hand, the land-grant roads are required to haul Government traffic at 50 percent of normal rates. This must have worked an immense saving to the Government during the war. So when the account is all cast up, they are in the status of having been made a loan 60 or 70 years ago upon which they must pay interest forever. The loan is gone and nothing but the debt remains.

I do not believe that the land grants are any helpful item in the solution of the present railroad problem. One might as well hark back to the good old days when every big railroad had a State government or two among its assets and sent its lawyers to the United States Senate and placed them on Federal benches, and subsidized public officials and newspapers and shippers with railroad passes and built up favored shippers with rebates, and that sort of thing. In the language of a comic strip, "Them days is gone forever." It is clear to my mind that testimony, a large part of which is a rehash of ancient history, is of little value in determining what ought to be done now about section 4.

DEVELOPMENT OF COMPETITION IN TRANSPORTATION

Mr. Chairman, attention has been called to the fact that there was little effective railroad rate regulation prior to the amendment of 1910. I will now call attention to the conditions which prevented the tightening up of the long-and-short-haul clause in 1910 from becoming burdensome for some years thereafter to the rail carriers. To begin with, when the phrase, "Under substantially similar circumstances and conditions", was stricken from the long-and-short-haul clause in 1910, the rail carriers were permitted to file blanket applications with the Interstate Commerce Commission which retained in effect the then existing rate structures until such time as they might be changed by order of the Commission.

Roughly speaking, these changes were spread out over a period of years. At that time the Panama Canal had not been completed, and intercoastal traffic was chiefly by transshipment via the Panama Railroad and the Tehauntepec Railroad. These combined rail and water intercoastal rates were necessarily more expensive than the later all-water route through the Panama Canal, and offered less competition to the rails.

The story and causes of the decline of the railways begin not with the opening of the Panama Canal but with the ending of the European war traffic. The Panama Canal was completed and opened for traffic in 1914, coincident with the outbreak of the World War in Europe. The demands of the World War furnished shipping a more profitable field than the intercoastal traffic through the Panama Canal, with the result that American shipping deserted the intercoastal traffic in a body and the railroads had practically no intercoastal water competition until after the World War, or about 1920.

With the withdrawal of Panama Canal competition and its diversion to Atlantic traffic, leaving the rail carriers an intercoastal monopoly, the Interstate Commerce Commission in 1917 withdrew the lower transcontinental rates which had been permitted the rail carriers to meet water competition. It is claimed by the rail carriers that at the time of this withdrawal of low rail rates the Interstate Commerce Commission indicated that if and when water competition was resumed, the rail carriers would be permitted to make application for restoration of the lower rates, but that when such application was made it was denied, and they have never since been permitted to compete on the former footing with traffic through the Panama Canal.

Now, beginning about 1921 the shipping which has been deflected from the Panama Canal to the Atlantic service began returning, with numbers augmented by ships which the United States Shipping Board was selling for a song, and the shipping lines were fighting each other as well as the railroads for intercoastal traffic.

Now, here is what has turned out to be a curious thing: The rail carriers had the field virtually to themselves during the war period, and this resulted in the still further tightening up of the fourth section by Congress in 1920 by the three additional restrictions already mentioned, but at the same time there began the change in the transportation picture which I have already mentioned, which has now brought about a situation which, had it existed in 1887, makes it very doubtful whether section 4 would ever have been enacted, and which raises a real question whether it could not be repealed in toto without a recurrence of former objectionable practices on the part of the rail carriers.

CHANGES SINCE 1920

This is what has happened in intercoastal traffic since 1920. Panama Canal shipping in 1922 hauled 2,000,000 tons of intercoastal traffic; in 1929 it had increased to 8,000,000 tons; and in 1934 it was 6,000,000 tons, the slump being due to the effects of the depression. This, however, leaves an increase of 300 percent in Canal traffic after the war interim. During the same period the transcontinental rail traffic declined 50 percent. In other words, while the water carriers went up three times the rail carriers fell back one-half, although both of them drew the same kind of traffic from the same sources and the traffic of each must have suffered about equally from the depression. There was only one source for the increase in the water traffic and this was at the expense of the rail carriers. As one of the representatives of the water carriers stated to the committee, "We virtually have all of the intercoastal traffic now, the railroads are out of it." In one breath the representatives of the water carriers claim that the effect of the Pettengill bill would be to wipe them from the water, and in the next breath that the rail carriers cannot meet their competition. Both of these propositions cannot be true, and I believe the testimony established the fact that the rail carriers cannot go down to water rates and would not attempt to do so even if section 4 were repealed. They have a working arrangement now on the Pacific coast, sanctioned by the Interstate Commerce Commission, whereby the north and south rail rates are maintained at 10 percent above water rates, yet notwithstanding this arrangement water carriers have 90 percent of the Pacific coast traffic of California, Oregon, and Washington. This indicates how much cheaper they are able to carry the traffic.

Right on that point let me say that the representatives of the California citrus growers appeared before our committee, one a large organization from Los Angeles and the other from Sacramento. They said that 12 to 15 years ago their traffic amounted to only 15 percent of the transcontinental traffic of the railroad companies, but that it is now 50 percent, due to the loss of other classes of rail traffic to the

Panama Canal shipping, so the burden grows constantly heavier all the time on the citrus-fruit growers to keep up the railroads, and the reason they are for the Pettengill bill is that the railroad companies may again build up other lines of traffic and get some other source of revenue besides the citrus fruit of California to support the transcontinental railroads.

Another danger that faces the railroads is that they are starting refrigerator ships through the Panama Canal, and if this relief is not granted the railroads, the first thing we know, they will lose all of the transcontinental freight traffic from the Pacific coast.

COMPARATIVE ECONOMIC VALUES OF RAIL AND WATER AGENCIES

Rail transportation is, of course, preferred. It is the quicker and better service. It can maintain a differential and still get some share of the business. It is, however, much the more expensive form of transportation to maintain. It was testified before the committee that it takes two men per ton to handle rail freight as against one man per ton to handle water freight. It was also testified that rail wages are about double water wages. Added together, this makes a 4-to-1 difference in favor of water transportation in the matter of operating costs. It was also testified before the committee by a representative of the water carriers that the lines he represented handled 70 percent of the Panama Canal traffic and that the capital investment of all of these lines was only between one and two hundred millions of dollars, or about the value of one jerkwater railway.

ECONOMIC VALUE OF THE TWO SYSTEMS

I will give an illustration from the hearings of the respective economic values of these two systems. A representative of the water lines presented a map illustrating the two competing forms of transportation. A black line meandered from New York to San Francisco, representing a transcontinental line. At short intervals black cross marks represented important points and terminals. To represent the water carriers there was a black line from New York to San Francisco through the Panama Canal. I said, "Let me have that map and I will show you how it looks to me. Here is New York City, the point of origin of the transcontinental rail line. It has an enormous and expensive terminal station and facilities. There may be 100 miles or more of terminal trackage, shops, and roundhouses. At all of these intersection marks an expensive terminal plant and equipment is repeated. The road spends money with every roll of the wheels across the country. It has the highest paid labor in America. As you go West it is the main support of many American towns. It passes through counties where its annual taxes exceed its total gross revenue from the county. When it reaches San Francisco it has another great terminal. Now here is your water line. From the time it leaves the dock in New York until it reaches the dock in San Francisco it touches nothing and is worth practically nothing. It is manned with grossly underpaid labor. One-half or more of the crews are foreign. Nature has furnished it with a free highway. Congress furnishes it with free harbors, and all it needs is a boat and a dock to tie up to.

It is small wonder they can underbid the railroads for traffic. It is cheap transportation, and that is about all that can be said for it. I cannot see where the waterways enter the picture as parties in interest in this legislation, or where they can be driven out of the transportation picture by the rail carriers. Such a claim is nonsense. This is almost wholly a fight between competing points and intermediate points on the same line of railway, between the long- and the short-haul rate as it affects intermediate points.

COMPETING MOTOR TRANSPORTATION

It is in part the same story with motor competition. The public furnishes the highways. Motor transportation has no responsibility in furnishing or maintaining its highways. It does not have to go out and condemn rights-of-way and spend hundreds of millions of dollars to build tracks to run on, and continually maintain and rebuild them. The highways were there even before the trucks were built. If they had to build up ways and means as the rail carriers have had to do, there would be no motor transportation.

A representative of motor transportation said there were 3,000,000 trucks in daily use in the United States. When I read of a 2-ton truck carrying a 9-ton load I can well assume an average of 3 or 4 tons per truck per day, indicating the trucks of the country carry ten to fifteen million tons of freight per day. Some of the rail representatives stated that motor transportation is much more formidable competition to the railroads than the water carriers, yet all that is needed to engage in motor transportation is a down payment and a license.

It is not to be inferred from this that I am in favor of putting the waterways or highways out of business or crippling them, but I am in favor of keeping the rail carriers in business on something like equal terms.

Enactment of waterway and highway bills, placing them under the Interstate Commerce Commission, will not greatly relieve the railway situation. These measures carry no comparable rate regulation, no long- and short-haul clause, and can carry none. The railways would much prefer such alleged regulation even to the Pettengill bill.

PRODUCERS VERSUS CONSUMERS

The intermountain territory has been and still is the chief zone of controversy over section 4. In times past the sentiment for preserving the section "as is" has been highly predominant. So far as the jobbing interests are concerned that appears to be still the case, although there were representatives of chambers of commerce and traffic associations from practically all the Western States in favor of the Pettengill bill.

At the hearings a division of interests developed in that area and that division I may call "producers versus consumers". The producers made it fairly clear that if the railroads could be relieved of the restrictions of the long- and short-haul clause they would be enabled to reduce their through rates to competitive points without an increase in intermediate rates, and thereby expand the market area of their products.

I will take two examples, and, although they are local to my section of the country, their application is general. In my home city, Pueblo, Colo., there is located the steel plant of the Colorado Fuel & Iron Co. This is the largest steel plant west of Illinois. It is a thoroughly modern, electrified plant. Its rail carrier applied for fourth-section relief to enable the steel plant to meet water competition from the eastern mills at Houston, Tex., and in anticipation of the business the steel company erected a warehouse at Houston. Fourth-section relief was denied the carrier, that is, they were refused permission to lower the through rate from Pueblo to Houston while maintaining the intermediate rates. The steel company had to abandon its warehouse and withdraw its frontier into northern Texas to get sufficiently far away from the back-haul competition created by the cheaper water rates to Houston.

The rate on sugar from Colorado factories to Chicago was 56 cents per hundred pounds. It could not compete with Philippine sugar brought to San Francisco in the raw state, refined in San Francisco, and transshipped through the Panama Canal, and then via the Gulf of Mexico and Mississippi River or the Atlantic and the Lakes, to Chicago. The carriers, after application pending for 2 years, got fourth-section relief to the extent of 20 cents per hundred pounds; that is, a reduction from 56 to 36 cents. It was of some benefit to the sugar producers in reaching the Chicago market, and they claim that a further reduction of only 4 cents would have greatly enlarged the sugar business of Colorado as against Philippine sugar. However, the water rate to St. Louis was reduced to 25½ cents, and it was hauled from San Francisco to St. Louis by water as low as 18½ cents per hundred. The Government, through the Inland Waterways Corporation, owns and operates a Mississippi barge line which is engaged in this cheap water transportation. Notwithstanding all the advantages of a Government-owned activity, it has been operating at a loss. In 1934 the loss was in the neigh-

borhood of a million dollars. That is what the railways and inland production have to buck.

Now, here is the point for the Mountain States region to determine: If it comes down to a question between producers and consumers, which interest is of the greater value? One answer is that no western State consumes its own products. They are all excess producers, and greatly excess, and in every line—coal, lumber, steel, minerals, sugar, potatoes, beans, cattle, sheep, hay, fruit, vegetables—in fact, I cannot think of a product which is not in the class of excess production. In the hearings I learned to perceive and distinguish between these interests as they were involved in this controversy. I think that it is a fair statement from the record to say that the great majority of the producers and a fair division of the commercial interests, even in the Mountain States, now favor the Pettengill bill. In my home State I took a poll by mail while the hearings were in progress, limiting the inquiry to mills, mines, factories, and commercial bodies. The returns were 74 for and 16 against the Pettengill bill. This shows a marked change of sentiment over former years.

This list for the bill contains the Colorado Fuel & Iron Co., the coal operators, the sugar factories, the beet and cattle growers' associations, and so on down to smaller units. I ask leave to insert the two lists in the RECORD at this point. It follows:

COLORADO—FOR PETTENGILL BILL

National Sugar Manufacturing Co., Sugar City; Great Western Sugar Co., Denver; Holly Sugar Corporation, Colorado Springs; White House Grocery, Ordway; Kropf Bros. Mercantile Co., Ordway; Chamber of Commerce, Las Animas; Chamber of Commerce, Rocky Ford; Diamond Fire Brick Co., Canon City; G. R. Lewis Drug Co., Colorado Springs; Golden Cycle Corporation, Colorado Springs; Williams & Messer Lumber Co., Trinidad; William Isabell Co. (shippers, etc.), Canon City; Union Ice & Fuel Co., Colorado Springs; Strang Garage Co., Colorado Springs; J. C. St. John Plumbing Co., Colorado Springs; Lowell-Meservey Hardware Co., Colorado Springs; Chamber of Commerce, Walsenburg; Quilitch Implement & Vehicle Co., Trinidad; Sinton Dairy Co., Colorado Springs; Collier Lumber Co., Colorado Springs; Crissey-Fowler Lumber Co., Colorado Springs; Walsenburg Creamery, Walsenburg; Arkansas Valley Stock Feeders' Association, Rocky Ford; Green & Babcock (lumber, coal), Rocky Ford; Union Lumber Co., Trinidad; Bancroft-Marty Feed & Produce Co., Trinidad; Wandell & Lowe Transfer Co., Colorado Springs; Trinidad Oil Co., Trinidad; Walsenburg Coal Co., Walsenburg; Paul A. Douden & Co., Denver; Stauder & Sargent (feeders), Fowler; C. M. Miller Co. (growers, shippers), Rocky Ford; the Forbush Co., Pueblo; the Arapahoe Shop, Pueblo; Manufacturers Bureau of Denver, Inc., Denver; American National Livestock Association, Denver; M. L. Stubbs Mercantile Co., Fowler; Burch Warehouse & Transfer Co., Pueblo; Arthur & Allen (contractors), Pueblo; Fountain Sand & Gravel Co., Pueblo; F. B. Orman Construction Co., Pueblo; Temple Fuel Co., Trinidad; Chamber of Commerce, Colorado Springs; Philip Schneider Brewing Co., Trinidad; McAnally & Channel Furniture Co., Trinidad; the Dern Co. (coffee), Colorado Springs; Baxter Hardware & Trading Co., Walsenburg; Stevenson Produce Co., Colorado Springs; Brown Commission Co., Colorado Springs; Pikes Peak Fuel Co., Colorado Springs; Couey Storage & Transfer, Trinidad; Powerine Co., Denver; Kirkpatrick's Coca-Cola Bottling Works, Walsenburg; Strain Bros. (fuel and feed), Lamar; Chamber of Commerce, La Junta; Mountain Ice & Coal Co., Pueblo; White & Davis, Pueblo; Colorado & New Mexico Coal Operators Association, Denver; Calkins-White, Pueblo; Chamber of Commerce, Greeley; Lamar Alfalfa Milling Co., Lamar; National Beet Growers Association, Greeley; Southern Colorado Beet Growers Association, Crowley; Colorado Fuel & Iron Co., Denver; Trinidad IGA Stores, Trinidad; Ideal Cash Grocery, Trinidad; Weeden Grocery, Trinidad; Central Market, Trinidad; Newton Lumber & Manufacturing Co., Colorado Springs; Peerless Furniture Co., Colorado Springs; Chamber of Commerce, Fort Collins; Rocky Mountain Bean Dealers Association, Denver; Pueblo Trades and Labor Assembly, Pueblo; Denver Trades and Labor Assembly, Denver.

COLORADO—AGAINST PETTENGILL BILL

Bear Canon Coal Co., Trinidad; Trinidad Brick & Tile Co., Trinidad; Clay Products, Inc., La Junta; Krille-Nichols Wool & Hide Co., Pueblo; Chamber of Commerce, Pueblo; Holmes Hardware Co., Pueblo; Ady & Crowe Mercantile Co., Denver; Chamber of Commerce, Lamar; Jackson Chevrolet Co., Pueblo; Walker Motor Co., Pueblo; National Broom Manufacturing Co., Pueblo; Hendrie & Bolthoff Manufacturing Co., Denver; Newton Lumber Co., Pueblo; Robinson Grain Co., Colorado Springs; Denver Alfalfa Milling & Products Co., Lamar; Chamber of Commerce, Grand Junction.

Among those appearing for the bill was the representative of large lumber interests of the State of Washington, the West Coast Lumbermen's Association, and others, and when surprise was expressed that such a commodity so adapted to cheap water shipment, and adjacent to water, should appear in behalf of railroad transportation, they indicated that lumber must have something more than cheap transportation; that it must have markets and consumers; and that the railroads had once been their best customers, taking 25 percent of the output. The implications of the statement of the lumberman are well worth considering. In the quest for cheap transportation we may lose sight of other valuable factors. If a transportation agency worth less than $200,000,000 can put an agency worth $20,000,000,000 out of business, it is a fair question how much that proposition is worth to the national economy. Obviously mere cheapness is not the whole story.

Fifteen years ago, said this witness, 75 percent of Washington lumber moved by rail and 25 percent by water; now 25 percent moves by rail and 75 percent by water. This further bears out the statement that facts more than 15 years old are no answer to the problem which produced the Pettengill bill.

WHAT HAS SECTION 4 DONE FOR THE WEST?

Another impression I received, which I want to pass on to the West is this, that notwithstanding the restrictive long- and short-haul clause has been in operation for 25 years the West has not developed under it. It has in fact been drying up. This is a matter of common knowledge. Now, mind you, I am not saying that section 4 has prevented the development of the West or its industries, or that it has dried up the West. What I am saying is that this is the situation notwithstanding section 4.

If it could be shown that prior to 1910 industry and commerce were languishing throughout the West, but that since that time they have been springing up and flourishing, it could be recognized as a legitimate argument against disturbing the status quo, whether or not the status quo was responsible. It is difficult to take the conditions existing in the Western States and make out a case for section 4.

WHAT GOVERNOR CHRISTIANSEN SAID OF MINNESOTA IS TRUE OF ALL THE WESTERN STATES

Long- and short-haul clause or no long- and short-haul clause, the West has stood generally still as compared with coast areas. This statement cannot be successfully challenged.

This brings me to an argument made repeatedly by the rail carriers, which I had to admit as valid. The rail carriers said:

> The water competition, with its low rates, is already there. If the inland country is at a disadvantage because of low-water rates at the coast that is not of our making; the low-water rates are already there.

The only difference, say the carriers, is that "we are not permitted to participate in the traffic, so our rail lines languish and the inlands languish."

NATIONAL VALUE OF RAILWAYS

Mr. Chairman, I view this subject from the public rather than the private, the national rather than the local, angle. If only consideration of the national defense was involved,

measures would be justified to place the railroads of the country upon a self-sustaining basis and preserve them from depletion or injury by obsolescent laws or by other forms of transportation.

There are approximately 250,000 miles of railways in the United States. Under the Transportation Act of 1920, permitting consolidations, nine complete transcontinental systems have been established. These systems, in conjunction with north and south cross lines and innumerable feeders, constitute beyond comparison the country's chief agency of national defense in the field of transportation. No one would claim that this field is one that can be filled by water and motor transportation. As for the Panama Canal as a means of national defense, it is inadequate and uncertain, and as a means of intercoastal traffic it is of minor or no importance, as was shown during the World War, when the railroads handled all the ordinary traffic of the country, both inland and intercoastal, and also the extraordinary traffic incident to the war. The railroads in that great emergency were the sole agency of national transportation. The ships had gone, the trucks and busses had not come, and the railroads did the job. As I stated before the Committee on Rules, handling traffic through the Panama Canal in a national emergency would be like pouring a washtub through a bottle neck.

In the railroads, therefore, we have an adequate and indestructible means of transportation. We should see to it that they are kept in first-class condition, and more especially when it can be done without expense to the Public Treasury and without unduly burdening the users of the railroads. The term "users" of the railroads brings me to another and important angle of this subject. The railroads still are, and unless we destroy them will continue to be, the chief reliance of the masses of the people in the transportation of both passengers and freight. We are all familiar with the fact that railroad service is being depleted, many short lines being abandoned and train service reduced on all lines. This situation results in impaired transportation service to the masses of the people. The whole national rail transportation structure is being impaired. So everything is not fish that comes in the net of cheap competing transportation.

In one way or another the people, who must rely on the railroads, are made to pay for the deteriorating condition of the railroads. They are getting less service and poorer service out of them and they pay in that way, they get less taxes and they pay in that way, they get less of the highest-paid employment in the United States and they pay in that way, and they get deterioration in a national transportation structure, the most permanent, substantial, and dependable yet devised by the genius of man and upon which the safety of the Nation may depend on a day's notice. While we are properly spending many hundreds of millions of dollars in preparedness, let us not overlook the item of transportation, upon which finally all else depends. If Russia had nine first-class rail lines across Siberia, present events and the future history of the world might be different.

PREJUDICE BLINDS FOURTH-SECTION SUPPORTERS TO FACTS

Mr. Chairman, I have pointed out the great changes in the transportation world in recent years which, in my opinion, not only justify but demand a change in the law governing rail transportation. That this opinion has substantial foundation is shown by the change in sentiment which has grown up in the transportation field. There was little opposition to the Pettengill bill in the East, except from the water carriers. Not even motor transportation appeared in opposition to the bill. Traffic interests, manufacturing and commercial interests in New England appeared for the bill; the commercial bodies of Florida; the rice growers of Arkansas; the sugar and cattle growers of Colorado; the canning industry of Iowa and Nebraska; the fruit growers of California; the lumber interests of Washington and the Northwest; mining interests of Utah, Nevada, Montana, Idaho, and New Mexico appeared for the repeal of the long- and short-haul clause. The list has already been inserted in the RECORD by Mr. PETTENGILL.

It must be admitted, however, that there was strong opposition from certain localities in the Mountain States and the Northwest, the nature of which is aptly summed up in the report of the Coordinator of Transportation, Document No. 152, Seventy-third Congress, in the following language:

> The support which it (the fourth section) has received from certain sections and interests has bordered on fanaticism.

This fairly characterizes the attitude of a number of opponents of the bill before the subcommittee. The holding companies pleading for their lives were temperate by comparison. It is difficult to reason with that state of mind.

One of the strongest adherents of the long- and short-haul clause is the State of Idaho, which was represented before the committee by several witnesses against the bill.

The principal of these witnesses was Mr. Harry Holden, a member of the Idaho Public Utilities Commission. Mr. Holden gave statistics on two specific Idaho crops, apples and potatoes. Since Idaho is in the forefront to the opposition of this bill and since Mr. Holden was referred to by the other witnesses as being specially qualified and prepared to present Idaho's case against the legislation, I deem his testimony with respect to these two major agricultural products of Idaho of especial significance. I urge you to listen to this.

At page 594 of the hearings, Mr. Holden said:

> To give you a better picture, in Twin Falls County alone, in 1918, there were 18,000 acres of commercial orchard and there remain today less than 2,000 acres of orchard and they exist only by reason of the fact that these apples move by truck and not by rail.

It was pointed out to Mr. Holden that this tremendous loss occurred under the existence of the long- and short-haul clause, and he was asked what good it had done Idaho. Mr. Holden replied:

> I can answer that question. In 1920 practically every farming community in the State of Idaho was put out of existence by reason of the horizontal raise in freight rates.

Now, remembering this statement, let me again quote. On the next page, 596, Mr. Holden said:

> Permit me now to call your attention to potatoes in the Western States where they are produced and the amount of tonnage enjoyed by western railroads. * * * During the years 1922 to 1931, inclusive, there have been produced and shipped by rail, according to the records of the United States Department of Agriculture * * *; Idaho 204,390 cars, an annual average of 20,439 cars.

Still quoting:

> Likewise, Idaho's production and shipment for the 5 years from 1930 to 1934, inclusive, presents another picture. During these 5 years Idaho shipped by rail 134,827 cars of potatoes, or an average of 27,000 per year, and it now looks like our average will be, if we are permitted to live by the carriers, a yearly average of not less than 30,000 cars annually.

Mr. Chairman, this is a fine showing, but it is a showing which would appear to dispose of Idaho's case against this bill. In the case of exhibit A, the apple orchards, they disappeared under the benign operations and protecting influence of the long- and short-haul clause. In the case of exhibit B, after farming in Idaho "was put out of existence by reason of the horizontal raise in freight rates", to quote the words of the witness, Idaho potato production and shipment by rail increased from 20,000 to 30,000 cars annually.

These two widely different cases occurred at the same time, in the same locality, and under the same law.

It seems easy for witnesses from certain localities to let their zeal against the railroads carry them away and blind them to the real significance of the facts they relate. Mr. Holden is not the only case.

A somewhat similar witness was Mr. Ernest D. Salm, executive secretary of the Utah Citizens' Rate Association. It was really astounding. It was almost incredible.

Beginning at page 687 of the hearings, Mr. Salm devoted almost six pages to showing the enormous cost of railway construction, maintenance, and operation through the State of Utah and to the coast. Apparently in Mr. Salm's mind it would be useless to try to help the railroads against such insurmountable obstacles and unfair to the country traversed by them. He instanced the famous Lucin cut-off over the great Salt Lake, which, he said, cost $10,000,000 for 30 miles of road, all spent in Utah. He instanced 18 miles of snow-

sheds costing over $3,000,000. He instanced the use of fire trains by railways, due to desert conditions and entailing great expense, and other things. I could not forebear suggesting to the witness that the cost of the Lucin cut-off was probably more than the railway company would get out of the traffic of Utah in many years. He admitted a statement previously made to the committee by a witness for the bill that there are counties in Utah in which the railroads pay taxes in excess of their total gross revenues from the counties, and that is true in all the Western States.

INTERSTATE COMMERCE COMMISSION POLLS SHIPPERS

We are all familiar with the fact that no commission or agency of government voluntarily relinquishes power, but rather seeks to increase it. Still, the coordinator, in House Document No. 89, page 173, Seventy-third Congress, says:

On the whole, sentiment favors modification or repeal. Of the important responses on the question filed with the coordinator, 82 favored some modification, 46 favored repeal, and 47 were against any change.

G. H. Shafer, transportation rate expert of the Illinois State Commerce Commission, a very competent man, stated the case in a paragraph when he said:

If the long- and short-haul provision contained in the fourth section of the Interstate Commerce Act is repealed, the Interstate Commerce Commission, under sections 1, 2, and 3, could still prevent the carriers from making rates that are unreasonable or discriminatory. The Commission, in addition, has the power to fix minimum rates under section 15, which would prevent the establishment of rates below the cost of transportation. With these powers vested in the Commission, it is no longer necessary to continue in force the long- and short-haul clause.

FINDINGS AND CONCLUSIONS

Mr. Chairman, I shall conclude with some findings made by me from the testimony in the hearings, which I have found helpful in arriving at a decision on this important piece of legislation.

First. The largely unregulated water and highway transportation which have grown up since 1910, which will not be comparably regulated under proposed legislation, and which are making rapid and continuous inroads on rail transportation, demand that the railroads be given much greater freedom in meeting this competition. It is shown conclusively that the almost total loss of transcontinental rail traffic is due to the undue advantages given water traffic.

Second. Increasing the competitive powers of the railroads cannot drive water and highway transportation from the field or seriously impair them, for the reason that they are cheaper forms of transportation to establish and maintain, and it would be suicidal for the railroads to undertake to underbid them, even if the law permitted it, which it will not.

Third. Water rates have been and are lower than rail rates and lower than the rails can make rates, giving the water points such advantages over inland points as may accrue from lower rates, and this condition will continue to exist, whether section 4 is repealed or not.

Fourth. The existing handicap to the rails is depleting their earning power and physical structure, to the loss as well of all the cities and towns and sections which they serve, impairing their efficiency in that field of transportation for which they are best fitted, and weakening them as an indispensable arm of the national defense.

Fifth. The inland sections have experienced no such industrial and commercial gains under 25 years of the operation of the long- and short-haul clause as would justify any claim of benefit from the existence and operation of the law. It is shown conclusively that the long- and short-haul clause prevents the railroads from extending the market range for inland products in competition with the water haul.

Sixth. The railroads, if given the opportunity, may again become, and should become, self-sustaining and modernized without expense to the Public Treasury; while, on the other hand, continuance of the present unfavorable trend will call for some other means of maintaining to its full usefulness this most essential agency of transportation and defense.

Seventh. Under existing competitive conditions in the field of transportation the railroads would be singled out for no such drastic regulation as that embodied in section 4. If section 4 were out of the law now, it would not now be proposed to restore it. [Applause.]

Mr. COOPER of Ohio. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. CULKIN].

Mr. CULKIN. Mr. Chairman, I am opposed to this bill, as I regard it as unnecessary and, at the same time, harmful legislation. For years the railroads have been under the auspices and protection of the Interstate Commerce Commission, and quasi-judicial machinery has been provided whereby they can, in a proper case, obtain from the Interstate Commerce Commission the relief sought by this legislation. The railroads have obtained relief in 120 cases out of the 150 where they have applied for action, so they have not petitioned in vain.

The history of the railroads prior to 1887 is not pleasant reading. It is a history of economic oppression and political corruption in both the States and the Nation. Through the medium of this unneeded legislation we are at one fell swoop returned to the old days when the railroads exploited or destroyed localities at will. This legislation takes the burden of proof off the railroads and places it on the shoulders of the locality or shipper. To obtain relief the locality or shipper must make a journey to Washington. He must employ rate experts and lawyers familiar with the practice before the Interstate Commerce Commission. The expense of this will be prohibitive, with the result that shippers and localities will be destroyed by the schedules of rates that may be changed at will.

Some of the Members of the House are complacent about this procedure. They fail to consider the far-reaching effect of this legislation. May I say to them that in economic results no legislation has been attempted during my service here which is more far-reaching. Our distances in America are so great that transportation will always be a national problem of first magnitude. I have no quarrel with the railroads, for they have played and are playing an important and necessary part in the national economy and development. I am in favor of proper legislation and even financial aid out of the Federal Treasury for their aid and assistance. I am also in favor of proper, necessary legislation for the splendid group of men who constitute the rank and file of the railroad employees of America.

I am, however, definitely opposed to this legislation, which will work havoc to the shippers and communities of America. If this legislation is passed, it is the purpose of the railroad management to kill off the coastal merchant marine, which is an essential arm of our national defense. It will kill off the waterways in the interior of the country, which are so essential to America's growth and development, and will drive shipping now furnishing low-cost transportation off the Great Lakes and into the discard.

In 10 and even possibly 5 years, water transportation on the coast and in the interior will be murdered in its bed if this bill becomes law. The Motor Carriers' Act, which is now law, will become a nullity, for this legislation will destroy highway transportation lines and will ultimately throw more men out of work than are now employed by the railroads. All of the modern agencies for the convenience of the public will be submerged and destroyed by the passage of this legislation, and out of this legislation will come monopoly of transportation by the railroads, and the history of oppression and corruption that was characteristic of the years before 1887 will be repeated. The battle to prevent the people on the eastern and western coasts and in the interior from being prejudiced will have to be fought all over.

In the brief time allotted me today I do not have an opportunity to discuss the national waterways as I would like to do, but the fact is that railroads have been the chief beneficiary of water transportation. Ninety percent of the American harbors have been improved at the request of the railroads. The classic example of this is the development in and around the city of Pittsburgh. Sixty years ago

German and English experts said that America could never make steel because her iron mines were so far removed from the coal deposits. Lake water transportation was developed and the iron ore was brought at an infinitesimal cost per ton to the city of Pittsburgh, and around this city has come the greatest railroad development in America.

All this has been brought about by the low cost of lake water transportation, and this illustration might be multiplied a hundredfold. I have been on the Rivers and Harbors Committee for 8 years and know something of the national transportation picture. I know something of the monopolistic character of the railroads where they are in command. The railroads once believed that they had a divine right to rule the country and to regulate its destiny. The effects of this legislation will be to revive this obsession; and, in my judgment, this legislation will put them in the saddle again with most disastrous effects to the country.

If you pass this legislation, you are setting the clock back; you are writing a chapter which will not do credit to the economic vision of this House.

On the subject of waterways, may I refer you to Judge MANSFIELD'S extension of remarks which appeared in the RECORD on Friday, March 20? It is a fair, clear, and able statement of the part the waterways are playing in the development of the Nation and the result in cost to the people of the country. I commend the reading of Judge MANSFIELD'S extension to every Member of the House. It will clarify the situation in their minds and clear away the fog which the railroads have thrown around the part that the waterways are playing in national economics.

The historic sufferers from heavy freight rates have been the American farmers. That fact has been brought out many times before the Rivers and Harbors Committee in hearings. Every farm organization is opposed to this bill, and they are protesting its passage in thunder tones. I call the attention of the House to a letter which I received today from the State master of the New York State Grange on this question. I likewise call attention to a radio talk of Mr. Fred Brenckman, the Washington representative of the National Grange, on the same subject. I ask leave to extend both of these in the RECORD. They are brief.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The matters referred to are as follows:

NEW YORK STATE GRANGE,
Oswego, N. Y., March 18, 1936.

Hon. FRANCIS D. CULKIN,
Washington, D. C.

DEAR MR. CULKIN: You are surely aware that the Pettengill bill, H. R. 3263, would, if passed, work untold injury and hardship upon the agriculture of the entire Nation, as well as all other lines of industry within our borders.

The New York State Grange, through its legislative committee, wishes to register its protest against the passage of this measure. The voice of more than 135,000 grangers in New York State, 6,000 of them in your own county, speaks as one against this injustice to the American farmer.

Hoping that you will use all honorable means with your great influence to prevent its passage, I am,

Most sincerely yours,

RAYMOND COOPER,
State Master, Chairman Legislative Committee.

PART OF RADIO TALK OF FRED BRENCKMAN, WASHINGTON REPRESENTATIVE, NATIONAL GRANGE, MARCH 21, 1936

A measure of great importance to farmers and the people of the entire country that is now pending in Congress is the Pettengill bill, H. R. 3263. The passage of this bill would work irreparable injury to agriculture. Its purpose is to repeal the long- and short-haul clause of the Transportation Act. In order that it may be clearly understood by everybody what is meant by this clause, let me explain that under its provisions the railroads are forbidden to charge more for a shorter haul than a longer one, over the same line and in the same direction. The repeal of this clause would pave the way for a cut-throat rate war against boat and truck lines and other competitors of the rail carriers. To finance such a rate war the railroads would keep their freight rates to the intermediate noncompetitive points on a high level.

With this clause repealed they could carry freight at a loss, if necessary, between points where they are thrown into competition with motor and water carriers, until these competitors had been crippled or eliminated. To make up the losses sustained in such rate wars, they would naturally have to charge higher rates between noncompetitive points to avoid bankruptcy themselves.

This kind of legislation would drive industry to the seacoast in order to get cheaper transportation rates, and it would depopulate the interior of the country. It would remove the farmer's market farther and farther from him by destroying the local industries of the interior.

The farmer lives in the interior. The farmer is the intermediate shipper. The farmer is the man who is located at the noncompetitive point and the farmer is the man who would have to pay the bill, in the form of exorbitant freight rates, to finance the railroads in a rate war with other carriers.

Testifying before the Rules Committee of the House at a recent hearing on the Pettengill bill, Coordinator of Transportation Joseph B. Eastman declared that under the present law the Interstate Commerce Commission has all necessary authority to grant lower rates to rail carriers where they are thrown into competition with other transportation agencies, providing the roads can show that such rates are compensatory. Mr. Eastman also stated that during the period that the long- and short-haul clause has been in effect the railroads have made approximately 180 applications for rates enabling them to meet competition of rival carriers at given points. About 150 of these applications have been granted, while only about 30 were refused by the Commission. What more do the railroads want? What more, in common decency, can they ask? The idea that Congress should enact legislation which was placed upon the statute books to put an end to the hoary abuse of charging more for a shorter haul than a longer one on the same line and in the same direction is preposterous and cannot be justified.

Mr. CULKIN. Messrs. Cooper and Brenckman state the case of the farmer fairly and with vigor. I understood the distinguished gentleman from Indiana, the father of this bill, to state on Friday that the Farm Bureau Federation was for the legislation. I talked with Mr. Chester Gray, the national representative, this morning, and he said that their central organization has gone on record against it. The gentleman from Indiana, for whose abilities, legislative integrity, and character I have the greatest respect, was mistaken when he made that statement.

I ask the House to defeat this bill. I have faith and confidence in the membership of the House. I urge that this legislation, so fraught with evil to the future of America, be defeated. [Applause.]

Mr. PETTENGILL. Mr. Chairman, will the gentleman yield?

Mr. CULKIN. Yes.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. PETTENGILL. The American Farm Bureau had at two national conventions endorsed this bill.

Mr. CULKIN. Several State conventions did, but I understand the national conventions always opposed it.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. RAYBURN. Mr. Chairman, I yield to the gentleman from California [Mr. COLDEN] such time as he desires.

Mr. COLDEN. Mr. Chairman, I desire to ask unanimous consent to extend my own remarks at this point in the RECORD on this subject.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. COLDEN. Mr. Chairman, I listened intently to the eloquent and ingenious argument of the distinguished gentleman from Indiana [Mr. PETTENGILL] in behalf of his bill proposing to repeal section 4—the long- and short-haul clause—of the Interstate Commerce Act. I find myself in hearty accord with what my colleague had to say about the necessity and the importance of railway transportation. No fair citizen can deny that the railways have performed a great service in the development of the entire country. I also share with my colleague the gratification for the safety and the efficiency of the railways and their perfect record of safety for 1935, in which not a single life was lost in railway transportation.

THANK THE WORKERS

In surveying the benefits that the railroads have contributed to this country, I think we should fully recognize the part of the railway employees. The safety, the convenience, the efficiency of railway transportation is due to the high intelligence, the efficiency, and the loyalty of the

men who perform the duties and grave responsibilities involved in railway transportation. It is not to the high-paid executives who sit in lavish offices in the great cities, and much less to the bankers and the brokers who guide the financial course of these utilities, but it is due to the blue-capped engineer whose hand is on the throttle, to the fireman who supplies the fuel, to the conductor, the brakeman, the porter, the station agent, the roundhouse mechanic, the yardman, and the track worker. Safety and efficiency in travel depend upon the loyalty, the sobriety, the clear thinking, the cool-headed conduct of these men. And not all the excellent qualities of these workers can be claimed by all railroad executives. The railway workers, or at least a considerable part of them, are members of the most outstanding organization of the labor world. These men by their own efforts have brought about the enviable position which they hold in organized labor; and it must be said that these splendid men have fought many a battle with railway managers for efficiency, for safety, and for a better standard of wages and hours, which has contributed not only to their own standard of duty and living but has been the chief factor in the success of the railways that employ them.

LOW WAGES FOR SOME

I desire to give due credit to the railways for maintaining a comparatively high standard of wages and a decent standard of living for many of their employees. I am also not unmindful of the fact that the track worker is among the poorly paid employees of this country. Frequently the pay of the track worker is so low that it does not afford a decent standard of American living. The railway track worker has been unable to organize to exert his collective power to secure a wage in comparison with the higher wages paid other employees. Other railway employees themselves, by their own intelligence and organization, have exacted from the reluctant railroads a much better wage. In this connection it might be said that it is regrettable that the American seamen, the worker on the ships and many of the water-front workers, have not been paid a scale of wages in proportion to the skilled mechanics of the railways and of other industries.

A potent influence in behalf of this bill has been brought to bear upon the Members of Congress by the various railway organizations throughout the country. In spite of the unhappy results of the opposition of the railway executives to an adequate railway pension plan and to other reasonable requests, in this instance the employees have rallied to the support of their employers, a further proof of their loyalty. Undoubtedly railroad executives, with their tongues in their cheeks, have held out promises of wider employment, better wages, and other desired emoluments to win the support of the railway workers. If this were the only issue involved in this controversy, I would not raise my voice against this bill but would be very happy to support it.

WHAT THE TESTIMONY SHOWS

I feel that the able gentleman from Indiana did not discuss all the issues raised by his proposed legislation. His argument was a careful and clever camouflage of the real issues in the background and the real purpose of this bill. Anent the suggestion that this measure means wider employment, let me call attention to the railway employees of the Southern Pacific Railway. At a hearing before a subcommittee of the Senate Committee on Interstate Commerce on Senate bill 563, to amend section 4 of the Interstate Commerce Act, held in May and June of 1930, Senator PITTMAN brought out this vital point: That the traffic of the railroads in a period of 12 years had increased 60 percent, but that the railroads had not increased their number of employees in the same proportion. The deduction was that while the railroads are complaining about loss of traffic, it is not because of their interest in their employees, many of whom have been ruthlessly discharged wherever possible.

In 1930, at a hearing held in Phoenix, Ariz., on May 10, 1930, Mr. W. A. Worthington, vice president of the Southern Pacific Railway, testified that in 1930 an increase of approximately 33⅓ percent in west-bound tonnage and 15 percent in east-bound tonnage could be handled, without an increase of train mileage and without requiring any additional trains; the substance of the contention of the railway representatives being that repeal of the fourth section would enable them to load empty cars, and increase their volume of traffic and their revenues without a corresponding increase in cost, and without the employment of additional labor.

A PECULIAR GENEROSITY

As I see it, the real objective in the proposed repeal of the fourth section is the elimination and destruction, as far as possible, of the competition of the highway and the truck, the waterway and the ship. Railways complain of the competition of the pipe line, the transmission of electric power, and the airplane—all the results of the march of progress. It has been repeated on this floor that the long- and short-haul clause does not apply to the railway's rivals in transportation. So far as I am aware, there has been no evidence introduced to show an abuse of this long- and short-haul principle in other lines of transportation. Sensible truckmen do not violate the sound rule of economics and of business by transporting commodities to a distance of 500 miles for a less amount than for a distance of 300 miles. It is a violation of sound economics to indulge in such practices. Consequently, there must be some particular and peculiar reason why the railways ask for the violation of such a generally accepted rule. Can you give any good reason why a meat market should sell a thousand pounds of meat for a less price than it receives for 750 pounds? Can you give any good reason why a grocery should sell a thousand sacks of sugar to the same customer for a less price than it sells him 500 sacks? Can you give any good reason why a clothing house should sell three suits of clothes or three pairs of shoes for a less price than it sells two suits or two pairs? Is there any sound reason why the poultryman should sell 10 dozen eggs for less money to the same customer than 5 dozen eggs? What would you think of a worker who offered his toil for 12 months for less than he obtained for 10?

The Pettengill bill is a most clever and adroit proposal to cover ruthless and ruinous discrimination with a cloak of legality. From the standpoint of economics and commerce it offers a fallacious policy. For what reason does a railway desire to transport commodities 3,000 miles for less than it would charge to transport the same commodities a distance of 2,000 miles over the same rails? What is the purpose of a railway's desiring to offer to transport the manufactured goods of New York, Philadelphia, Chicago, St. Louis, Cleveland, and similar points, to Los Angeles, San Francisco, and Seattle for less tariff than it charges for the transportation of the same cars and similar goods to intermediate points, such as Wichita, Fort Worth, Denver, Phoenix, Salt Lake, Spokane, and other points?

REVISED RATE STRUCTURE NEEDED

The bug in the rug in this instance is a purpose to carry out a program that discriminates against intermediate points and for the sole purpose of destroying water and truck commerce between competitive points. Industry and agriculture and commerce everywhere would greet with cheers any earnest and honest effort to reduce railway transportation rates throughout this country. The railway rate structure of this country is a modern puzzle system that would confuse a Chinese lawyer or the author of a Dutch almanac. The railway executives of this country could do this country a great service if they would but simplify rate structures, eliminate some of the discriminating advantages of competitive points, and give the intermediate points, cities, and towns, an opportunity of commercial and industrial development.

DISCRIMINATIONS ROB AND DESTROY

Allow me to give an example of the discriminations that exist today to the advantage of competitive points. Carload rates on commodities are the same from San Francisco and Los Angeles into Arizona and New Mexico. Los Angeles, geographically and by the usual travel routes, is but half the distance from this territory as is San Francisco. From the standpoint of logic and economics as applied to the cost of transportation, one would arrive at the conclusion that the point but half the distance should have a

correspondingly less rate. But such is not the practice. I once lived in a small town in northwest Missouri, known as Parnell. It was a half-way railway point between Kansas City and Des Moines; yet the railways would deliver lumber in Des Moines at the same freight rate as in Parnell, twice the distance. Under the fourth section, this discrimination is not a violation of the law, which only limits the railway to charges for a long haul that are not less than for the short haul. But it is easy to see the effect on a small town.

Repeal of the fourth section as proposed would permit the railways to take rate making into their own hands and permit them to charge less for a long haul than a short haul. You would upset not only the transportation rate structure but you would disturb commerce, industry, and agriculture in every part of the country. It would be within the power of the railways, if they so desired, to haul Oregon wheat to Minneapolis and Chicago at a less rate than would be charged to the wheat farmers of Kansas. It would give the railways the legal right to ship flour from St. Louis to Denver for a less rate than from Topeka and other intermediate points. The same discriminations might be applied from Minneapolis to New Orleans, Galveston, and other competitive points. It would permit the railways to charge less for the transportation of rubber tires from Ohio to points in the Northwest than from the tire factories of Los Angeles. It would permit the shipping of all kinds of products east of the Mississippi to the Pacific coast for a less charge than from points in Kansas, Nebraska, Colorado, and other inland States. Such a change in railway charges would close the doors in hundreds of factories not only on the Pacific coast but in other parts of the interior. It would wholly upset the basis upon which local manufacturing and distribution is now conducted. In some parts of the country it would throw thousands of men out of work. It would place the commercial and industrial enterprises of thousands of intermediate towns and cities at the mercy of railway executives, their whims, and their personal and selfish concern. And for what purpose? Only to enable railways to grab a larger volume of traffic from the highways and waterways, and probably without the running of an extra train or the employing of an extra man.

FAIR PLAY FOR WHOM?

The proponents of the Pettengill bill have talked much about fair play. What would such a policy do to the merchant marine? It would practically destroy all intercoastal shipping. It would deprive the ships plying between the Atlantic coast and the Pacific coast of their cargoes. This intercoastal shipping amounts to approximately $40,000,000 annually as against the three billion yearly income of the railways, which amounted to six billions before the depression. If the railways secured all this intercoastal transportation business, it would add but 1⅓ percent to their present revenues. This bill gives no consideration to nor does it count the cost to the 165,000 American seamen now employed by our merchant marine. Thousands of these seamen would be thrown out of employment. Other thousands of water-front employees—dock workers, warehouse employees, clerks, and checkers—would be thrown out of jobs. Analysis of the hearings on the repeal of the fourth section raises a doubt of any added employment by the railroads, but there is no question as to the result of unemployment to ships and trucks if this measure should be enacted into law.

LOS ANGELES A VICTIM

My own city of Los Angeles has expended approximately $50,000,000 in the development of one of the outstanding ports of the world. The city of Los Angeles has a bonded harbor indebtedness of $30,000,000. Not only would thousands of workers around this port be deprived of employment but the harbor revenues of the city would be seriously depleted, throwing additional burdens on the groaning taxpayer. Harbor improvements, because of loss of revenue, would fall into decay. This harbor has developed a commerce that has averaged some 20,000,000 tons per annum during the past 10 years. It has saved to the people of the Southwest at least a hundred million dollars per year in transportation costs. If the railways succeed in destroying this water competition, it will follow, as the night the day, that the railway rates would advance and the people of the Southwestern States would again be at the mercy of a monopolized railway-transportation system, as they were before the completion of the Panama Canal.

Some of those advocating the Pettengill bill have complained of the air, the seas, the rivers, and the lakes as if they were the transgressors in this transportation picture. According to their inverted viewpoint, divine authority should be on the side of the railways, and the air, the rivers, and the lakes, and the seas should be penalized for invading their rights. Let us not forget that the natural transportation system of the world for centuries has been by water. The sea and the rivers and the lakes are open to whomever may desire to use them. It is the greatest highway system of the globe and it gave its service to humankind ages before the toot of the locomotive was heard as it came 'round the bend.

THE QUESTION OF TAXES

Our eloquent colleague from Indiana emphasized the larger amount of taxes paid by the railroads than by the ships. I accept that statement as correct, but I am quite sure that the keen and analytical gentleman from Indiana is aware of the fact that the right-of-way of the ship and the barge is not taxable property. Permit me to remind the gentleman that there are few schoolhouses on the right-of-way of the ship and the barge and they have no part in the transportation of a vast area of our interior; and further, railway terminals require a very heavy investment which are within the boundaries of our many cities where real estate is valuable. On the other hand, steamship lines rarely own their shipping terminals; they own no sidetracks, no depots, no roundhouses, and many other accessories which are necessary to railway transportation. Would the proponents of the Pettengill bill tax the rivers, the lakes, the seas, the air, and the highways to defeat fair and up-to-date competition? Their ardor for the railways carries them into a whirlwind of contradiction and blinds their vision in a dust storm of fallacy. The statement was made that railroads paid 8 percent of their gross income for taxes in 1934. The National Association of Manufacturers is authority for the statement that during the same year over 27 percent of the national income went for taxes. The inference is plain.

THE SCARECROW ON THE JOB

Another advocate of the Pettengill bill used the ragged and weather-beaten scarecrow of Government ownership. I have no share in his fears. In the long years of prosperity the railways made no provision for a rainy day, no earnings were set aside to discharge their growing debts, but they permitted themselves to thoughtlessly coast downgrade to inevitable bankruptcy. The Reconstruction Finance Corporation rescued many from their folly. Judging from government ownership of railways in foreign countries, we have nothing to fear from this drummed-up bugaboo. The objective of public ownership is service and the purpose of private ownership is profit, and the patron and the worker of the rails might both welcome a policy of better service for all and less profit and high salaries to a few.

RAILROADS WON THE WAR

The advocates of this proposed repeal of the fourth section have emphasized the part that the railways have played in national defense, and would have you believe they won the war. But they attained their best service under the direction of Uncle Sam and Uncle BILL MCADOO. These ardent advocates ignore the vast importance of the merchant marine in case of war. A merchant marine is a formidable part of national defense to both the Army and the Navy. Without a merchant marine the efficiency of both Army and Navy would be seriously impaired. Recall the frantic and expensive efforts to build a merchant marine during the late World War. Our national neglect of a merchant marine placed our Nation in a helpless and dependent position. Billions of funds were extravagantly poured out to supply this deficiency. Are we so soon to forget this costly lesson, after spending billions to foster shipbuilding and the maintenance of a mer-

chant marine? Are we going to doze off into lassitude and lethargy and permit the railroads to utterly destroy one of the most important adjuncts of national defense?

OPEN AGAINST CLOSED ROUTES

Much is said about the competition of the highway—the stages and the trucks. The highway, like the water route, is open to the use of everybody. Its right-of-way is not monopolized as is the right-of-way of a railway. The waterway, the highway, and the airway are the only routes of transportation that are free from monopoly and open to all. In this evolution of transportation in which the highway has become such an important part, are we to curb it, to restrain it, to destroy it, in order to preserve a monopoly for railway transportation? If the truck and the stage, with door-to-door service, are such transportation plagues, why do the railways engage in the business of which they so loudly complain? In some instances their venture into this field is evidently to drive out competition and to restore their monopoly of transportation. This same attitude has been pursued toward waterways for many years. Many instances can be shown where the truck, the bus, the barge, and the ship are used as feeders and make an important contribution to the business of the rails.

ALL THE TRAFFIC COULD BEAR

During the World War period railway passenger rates were boosted to 3.6 cents per mile, plus a 50-percent Pullman surcharge. After the depressing effects following the war began to be felt, the railways made no attempt to meet the requirements of the public, but continued to charge the inflated prices of former years. The railroads consequently suffered tremendous loss in both freight and passenger traffic. In the foreign countries of the world which I have visited I have found the rate for first-class travel approximately the same as in our own. But in all of these countries, without any exception, there is also maintained a second-class, and perhaps a third- or a fourth-class rate of travel corresponding to the financial ability of those who desire to travel. Instead of meeting this situation as in other countries, when the stage began to invade the province of the railways, did they reduce their charges to meet such competition? No; they began to clamor to Congress to eliminate this competition. In many instances the railroad executives organized stage companies and paralleled their own railway tracks and lived off the traveling public that would have patronized the railroad had the passenger rates been attractive. Some of the western and southern railways, observing and analyzing the situation, reduced their rates to meet bus competition. We all know the result. Railway travel immediately increased. Revenues rose materially, the railways profited accordingly. Now the Interstate Commerce Commission has ordered a general reduction of railway fares on the theory that the railways will profit and the public be benefited.

RAILWAYS SET UP COMPETITION

I want to cite an example that I observed last year after the adjournment of Congress. While in New York I desired to visit Boston. I purchased a stage ticket on a line currently reported to be allied with the New York & New Haven Railway. This ticket cost $3.75, while independent lines were offering this same service for $3. This stage contained 30 seats, and I noted that every one was occupied. Upon my return from Boston I purchased a railway ticket on the New York & New Haven for $8.26. The car in which I rode had a capacity of 80 passengers. There were 16; only 20 percent of the car was occupied. Is it sound business to haul empty cars with a high fare and carry passengers at low rates by stage, operating the car on the railroad and the bus on the highway, in the same direction and to the same destinations? It appears to be business folly.

FOURTH SECTION SOUND

I believe the fourth section of the Interstate Commerce Act is sound and logical. A railway cannot, by any reasonable conception, haul commodities 2,000 miles for less money than it can haul the same cars over the same tracks for a distance of a thousand or fifteen hundred miles. The theory of the Pettengill bill is utterly fallacious, in my opinion. It is a camouflaged iniquity. It will bring innumerable hardships on all intermediate points. It will establish much more flagrant discriminations between industries and cities than now exists, and which should be corrected. It will destroy our merchant marine, throw thousands of seamen and water-front workers out of employment, without bringing a corresponding increase in labor and wages to the railroad employees. Under the Pettengill bill the Panama Canal, now paying its way, would become a Government liability. The same fate would result to many municipal harbors. The destruction of our merchant marine would be a deplorable impairment of national defense.

TWO KINDS OF WATER

The railways chronically complain about water transportation; but the public, the investor, the consumer, and the worker have also complained about the "water" in the railways—not in their equipment, but in their financial structure, their stocks and bonds. This Congress could render real service to the railways and to the public if it rejected this measure and then proceeded on constructive lines to loosen the railways from the stifling grip of banking trusts; from stock-exchange manipulations; from financial rackets, which have piped off their earnings, burdened them with unnecessary indebtedness, prevented them from using their earnings for better tracks, better equipment, and better wages; and encourage them to reduce their overhead capital structure somewhere on a par with actual investment and actual value.

SOCIAL WELFARE INVOLVED

A sociological factor of huge importance is involved in railway-rate structures. Railway discriminations have contributed prosperity to favored individuals and driven others to penury and despair. Railway favoritism has enriched one industry and depleted its competitors. Railway discrimination has driven the factory, the pay rolls, and the population from the intermediate towns, with their adjacent wide acres of plenty, to the congested centers of population, and condemned thousands to murky air, to hunger, to slums, and to a sordid and barren existence. Does this Congress propose to enact legislation that will further contribute to our problem of city congestion, poverty, disease, and crime, or shall we "stop, look, and listen" and halt these unfair public policies that promote profit for a few and disregard the economic and social welfare of the multitude?

Mr. RAYBURN. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. COSTELLO].

Mr. COSTELLO. Mr. Chairman, this brief time is hardly sufficient to go into this subject, and I just want to touch upon one or two points that seem to me to be important.

When the proponents of this bill say that this legislation will mean the filling of empty freight cars that are now being hauled by the railroads, what do they mean? Thirty-three percent of the cars that are hauled out west are empty. Fifteen percent of the cars that are hauled east are empty. All this legislation means is that the railroads are trying to get additional freight to fill those empty cars. They are not going to add to the number of cars hauled. Therefore I ask you, How are they going to increase employment of railroad labor when the labor is already hauling the empty cars? It seems to me that the railroad labor organizations have been greatly imposed upon in being urged to support this legislation in view of the true facts. J. R. Bell, attorney for the Southern Pacific Co., set forth in a brief before the Interstate Commerce Commission that an increase of approximately one-third in west-bound tonnage could be handled without any increase in train mileage—that is, without adding any additional trains—and that the east-bound tonnage could be increased 15 percent without requiring increased train mileage. It follows that if there is no gain in train mileage and no additional trains are added, then there can be no increase in employment for train crews.

As far as I have been able to learn, the railroad labor organizations' own paper, Labor, has not once so much as commented in any way favorable toward this proposed

legislation. If their organizations are for this legislation, why has not their own periodical endorsed the Pettengill bill?

In the Fourth Annual Report of the Federal Coordinator of Transportation appears this item:

It should be said that the railroads appear to attach unwarranted significance, even from their own point of view, to the emasculation of the fourth section which they have proposed. All that they could hope to gain would be an opportunity to obtain additional traffic on a very low basis of rates yielding some slight margin over so-called out-of-pocket cost. However, such cost is a fluctuating thing, dependent in part on whether or not it is necessary to operate more trains to carry the additional traffic. If more trains become necessary, out-of-pocket costs rise sharply.

Railroads are not interested in increasing their out-of-pocket costs, and to prevent doing so, would pare personnel to the bone under such circumstances. How can labor benefit in such a situation?

Moreover, if freight rates are to be reduced to any degree, how are the revenues of the railroads to be increased? Yet we are implored to pass this legislation to save the $26,000,000,000 railroad corporations from impending bankruptcy! Undoubtedly, then, it cannot be the purpose of the railroads to materially or generally reduce freight rates.

The real purpose of this legislation is to free the railroads from the restrictions of the fourth section. They have already been freed in 120 out of 150 cases, but what they are after is a blanket license to enable them to establish whatever rates they may desire.

They want two things. One is to establish reduced freight rates wherever competition exists, and the other is to eliminate the words "reasonably compensatory." That is the sole purpose of this legislation. The railroads want a free hand to suppress competition wherever they find it, whether it be on the highways, with trucks or busses, or out upon the rivers or on the seas, in the form of ships. It is merely a case of trying to restore to the railroads the monopoly which they owned in years gone by, and it is not a desire to reduce freight rates generally throughout the country. If it were, I would be for this legislation.

Gentlemen have told you not to go back in the history of the railroads; not to go back beyond a period of 15 years. Why? They do not want you to look at the conditions that existed in the country when the railroads had a situation under the legislation existing at that time, which they desire to create again by removing the fourth section.

You have received a tremendous amount of mail regarding this legislation. The railroads have been conducting a very effective lobby in order to force this legislation upon the country. I was very much surprised one morning, on opening my mail, to find from Los Angeles an air-mail letter sent to me, and in which letter the stationery was a total blank. What did that indicate? Simply this: Undoubtedly the agents of the railroads have been going out to business firms throughout southern California and have been getting them to write letters to Members of Congress. In order to prevent those business firms from inadequately or erroneously discussing a subject that is very complicated, the railroads would get the letterheads and envelopes of these business firms, then fill in the desired matter on that letterhead, and have one of the stenographers sign the name and mail out the letter. Here in this letter which I show you they merely forgot to put in the message.

In order to substantiate my statements in that regard, I sent a number of these letters that I have received in behalf of this legislation down to the Department of Justice in order that they might be checked.

Mr. Chairman, I ask unanimous consent to insert in the RECORD at this point a letter I received from Mr. J. Edgar Hoover, which shows conclusively that of the first half dozen letters I sent down to the Department of Justice from these different business firms all were written on the same typewriter and the envelopes were typed by the same machine. The same was true of four of the letters in the second group.

The CHAIRMAN. Without objection, the request of the gentleman from California is granted.

There was no objection.

The letter is as follows:

FEDERAL BUREAU OF INVESTIGATION,
UNITED STATES DEPARTMENT OF JUSTICE,
Washington, D. C., March 18, 1936.

Hon. JOHN M. COSTELLO,
House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN: I beg to advise, in response to your letter of March 18, 1936, that the questioned letters have been examined.

The examiner states that he has reached the conclusion that all of the letters in group 1 were typewritten on the same typewriter. These include the letters of [four business firms were named]. This includes both envelopes and letters.

As to the signatures on these letters, the examiner has reached no conclusion, because of the fact that the signatures themselves are not adequate for this purpose. Each of the names is different, presenting different combinations of letters, preventing in this way the appearance of such similarities in shape as will prove identical. The fact that certain features, such as slant, speed, motion, and other characteristics of this kind are similar, would indicate the possibility that proof of identity might be found if adequate specimens could be obtained. These specimens would consist of the writing of similar words by the person or persons suspected.

With reference to group 2, the examiner has reached the conclusion, on the basis of the same evidence as was found in the group 1 letters, that certain of these letters were written on the same typewriter as the group 1 letters. These letters are those of [four additional companies are named]. All of these letters were written on the same typewriter, which is the typewriter which was used in all of the group 1 letters.

The remainder of the letters of group 2 are believed to have each been written on different machines, each of which is different from the other. The letters found dissimilar from the others are [three other companies are named].

In addition to the evidence with regard to the typewriters, an examination of the envelopes has led the examiner to believe that all of those used with the group 1 letters are similar stationery. These envelopes match in every detail, indicating that they came from the same source. None of the envelopes of the group 2 letters were similar to each other or to the envelopes used on the group 1 letters, with the exception of that used on the Vernon Potteries Co. letter. This envelope is similar to all of those used on the group 1 letters. In this connection attention is invited to the fact that the typewriting appearing on this letter is not like the others.

With reference to the characteristics of the person performing the typewriting, there are certain features which are similar, but as it is probable a deliberate effort was made to disguise in this particular, no conclusion that the same person wrote all the letters which were written on one machine may be drawn.

In accordance with your request, the original letters are being returned by special messenger under separate cover.

With reference to your inquiry regarding whether the identification of the typewriting on different letters with each other is "beyond a reasonable doubt", the examiner states that he is prepared to demonstrate evidence in the specimens referred to above. With regard to those letters believed to have been written on the same machine, this evidence includes defects in the forms of certain type, such as are caused by wear, and which do not exist in exactly this form in any other typewriter. The examiner is prepared to give a demonstration of this evidence similar to that used in court.

With expressions of my highest esteem and best regards, I am,
Sincerely yours,

JOHN EDGAR HOOVER, *Director.*

Mr. COSTELLO. Among these letters was one from a firm located at Brawley, Calif., over 150 miles south of Los Angeles, while another is from a firm located at Santa Maria, Calif., which city is more than 175 miles north of Los Angeles. Yet both of these letters were postmarked from Los Angeles!

It requires no hundred-thousand-dollar investigation to deduce these facts, which revealed the activity of the lobby behind this legislation. As a result, members of the committee, I refuse to be impressed by the huge mass of letters that daily reach my desk. These letters are meaningless. They are the product of a fictitious interest to force vicious legislation through Congress.

This lobby is merely another attempt of the special interests to once more defeat and prevent the regulation and control of public utilities in the public interest. Eventually the huge fraud that is being foisted on the American people by the railroad interests will be revealed when the harmful effects of this legislation, if enacted, are felt throughout the country. I hope that the Members will defeat this bill and not thereby admit that they have submitted to the threats and demands of this false and fictitious meaningless mass of correspondence.

Mr. COOPER of Ohio. Mr. Chairman, I yield 10 minutes to the gentleman from North Dakota [Mr. BURDICK].

Mr. BURDICK. Mr. Chairman, I do not think my mental attitude is a great deal different at this moment from that of probably a majority of the Members of this House. I have not made up my mind on this legislation. I am seeking light. I yield to no man in this House in the desire to put unemployed people to work.

I have been advised by labor groups that all the present bill seeks to do is to permit the railroads to do some extra through-freight hauling that they cannot do now. It is represented to me that the passage of this bill will not increase the freight rates in North Dakota or anywhere else, but will reduce them, if the extra hauling permitted in this bill will reduce the overhead of the railroads, thus making a lower rate possible.

It has further been represented to me that the repeal of paragraph 1 of section 4 of the Interstate Commerce Act will not open the door to a cutthroat rate war, but that any rate published by the railroads after the passage of this act must provide a compensatory rate because of the provisions of section 3 of the Interstate Commerce Act.

It has been further represented to me that as the law now stands the railroads are tied "with their hands behind their back" and cannot compete with water rates. As a result they lose through-freight business or long-haul business which they formerly had, and consequently railroad crews are laid off, cars and engines are tied up, and the railroad trackage used for only a limited time of which it is capable of handling trains.

Before voting for this legislation I want someone in this House to substantiate what I have been told is the purpose of this bill. There are many things about this bill at the present moment on which my mind is not clear. I have asked for this opportunity to speak, not against the bill but for the purpose of having the doubts that have arisen in my mind cleared. I trust either the author of this bill or some other proponent will present full assurance that this bill is right and just to all.

My first question is: Under the present law, cannot the railroads make application to the Interstate Commerce Commission to have the authority for establishing a less rate for a long haul than a short haul over the same line, in the same direction, the shorter haul included in the longer haul?

Question no. 2: If the railroads can show that the new rate which they desire to publish is a compensatory rate, is there any fear that the Interstate Commerce Commission will deny their petition?

Question no. 3: Is it a fact that heretofore the railroads have made application, showing that the new rate is compensatory and that the Interstate Commerce Commission has rejected the application?

Question no. 4: After reading section 3 of the Interstate Commerce Act, I am in grave doubts of the authority therein conferred upon the Interstate Commerce Commission to rule out a rate that is not compensatory.

Question no. 5: Should this act be passed, and the railroads publish their rates, how will those rates be questioned? Who will present the petition? Will this not put too great a burden on the shippers, resulting in more expense, to contest the rate than the amount involved warrants? In other words, will not the railroads have an advantage which will practically remain uncontested?

Question no. 6: If the bill permits the railroads to publish a rate on coastal shipments that will not pay the cost of operation, will not the railroads suffer a net loss in the undertaking? If they do, will not the railroads be compelled to raise interior rates, where there is no water competition, and raise the freight rates on shipments to and from North Dakota and other landlocked States.

Question no. 7: Do you think the passage of this bill will put the 600,000 idle railroad employees, or a major part of them, back to work? In other words, is the present Interstate Commerce Commission law the approximate cause of this great loss of employment?

In answering these questions to my satisfaction, and to the satisfaction of a great many other Congressmen whom I know to be in doubt, bear in mind that many of us, and the public quite generally, believe that the attitude of the railroads themselves has contributed much to the present unemployment situation of railroad labor. Among some of the facts generally believed are:

First. That railroad executives have not in the past, nor do I believe they do now, definitely and clearly understand their relation to our transportation problem. Their position should be that of a servant of the people in the transportation business and not the master of the people. There was a time when they were complete masters in the business life, the economic life, the political life, the social life, of many States. Nothing has dislodged them from this high command, except competition and the Interstate Commerce Act. That competition is here now by water, pipe lines, automobiles, trucks, and airplanes.

Second. The only right railroads in the future will have to survive is their ability to meet competition and render a service that the people will support. The railroads in the past 50 years have been woefully indolent in the matter of scientific improvements. They have been asleep at the switch and other means have been perfected that have given the public quicker, better, and cheaper service. I can illustrate this by saying that for every ton of freight moved today, the railroads have to move 2½ tons by reason of unwieldy, heavy, and out-of-date boxcars and unscientific motive power. This kind of system has nothing to look forward to except absolute extinction. If kept up long enough, freight railroad service will become as extinct as living dinosaur. Some railroads during the past few months have installed scientifically equipped cars for hauling automobiles, and as a result the income of the roads went up and the ground trailing of cars slackened.

Third. If the railroads are in the financial plight which they claim, would it not be becoming to railroad executives to be content with a reasonable salary? Railroads for several years have been, and are now, paying exorbitant and unconsionable salaries to the chief executives. It would be a mark of good faith, at least, to grant salaries that are commensurate with the period of depression from which we are striving to rise. I insert here a table of those salaries. There is no railroad executive living that could possibly be worth in the railroad service one-half of the amount which they are receiving today.

Salaries and other compensation of railroad presidents

Name of company	Title of position	Salary	Other compensation
(1) Alton R. R. Co. See Baltimore & Ohio system.	President	$114,000	
(2) Atchison, Topeka & Santa Fe Ry. Co.	do	55,500	
(3) Baltimore & Ohio R. R.	do	60,000	
	Vice president	45,000	
	do	42,000	
	do	40,500	
	General counsel	32,400	
(4) Boston & Maine R. R.	President	59,000	$220
(5) Chesapeake & Ohio R. R.	do	60,000	1,050
(6) Chicago & North Western R. R.	do	50,000	240
(7) Chicago, Burlington & Quincy R. R.	do	60,000	
(8) Colorado & Southern R. R.	do	60,000	
(9) Delaware & Hudson R. R. Corporation.	do	95,000	420
(10) Delaware, Lackawanna & Western R. R. Co.	do	60,000	3,030
(11) Erie System	do	53,750	1,040
(12) Kansas City Southern Ry. Co.	do	95,000	525
(13) Lehigh Valley R. R.	do	60,000	2,427
(14) Maine Central R. R.	do	59,000	268
(15) New York Central R. R.	do	60,000	2,920
(16) Pennsylvania R. R. System	do	60,000	455
(17) Reading Co.	do	60,000	
(18) Union Pacific System	do	60,000	3,685

Fourth. As an emergency measure, most people in this country, including those whose relation with railroads in the past has not been pleasing or satisfactory, are willing to pass most any act to put men to work. I desire now to vote for this bill—on one hope only—that it will put the idle railroad men back to work. The railroad men plead for the enactment of this law. From my State I represent labor as well as all other members of society, and although for 30 years I have never made a move in the political life of the State which has not been opposed by the railroad interests. I can

forget that in the cause of unemployment in the cause of the country.

I hope my questions will be answered and that after they are I shall feel more free to give my support to this measure. Should this act be passed and should the railroads come out with rates not intended to give them additional business on a compensatory basis, but will institute a rate war that is not intended to meet competition but to destroy it, and leave the railroads free, raise rates generally, to again become masters of the people, I want the record to show that I have no fears of it now. Should that come to pass an indignant people will rise in their wrath and demand a repeal of the act at the next Congress. Should my fears not be well founded, my only explanation will be that I have remembered too well the past, to have that degree of confidence in the future action of the railroads that this bill recommends.

Mr. RAYBURN. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. DOCKWEILER].

Mr. DOCKWEILER. Mr. Chairman, as a member of the delegation from California, I wish to register my attitude toward this bill and say that I am in favor of its passage. [Applause.] I wish to state why I, as a Member of this great west-coast State delegation, feel I can support this bill. I have no right to take a narrow or prejudiced view on legislation that affects my country. The 48 States of this Union are an empire, and as was said by Cardinal Richelieu—These words were put in his mouth by the great author Bulwer Lytton—"There should flow in this vast empire trade, the calm health of the nation", and trade is the calm health of a nation. My friends, I wonder what Los Angeles Harbor would look like, or San Francisco or New York or Charleston or Seattle, if the rails that led to these points were allowed to rust. I wonder how the ships that would dock there would be able to convey into or out of these harbors the traffic that might accumulate at just one of these places.

Mr. Chairman, before the American merchant marine in its regenerated period appeared, the rails had been for years. California is vitally interested in the passage of this bill, and I regret that I am forced to disagree with some of my colleagues from this State. I have said that we are an empire. We are like the three men in the tub, the butcher, the baker, and the candlestick maker. I have no right to disregard the interests of other sections of the country. We are all in the same boat. I have no right to say I am not my brother's keeper in the northwest section, the southern section, or the eastern section.

The railroads of this country represent the largest investment of capital, outside of the Government bonds, of the United States of America. I have a wire sent me recently by the president of the California Fruit Growers' Association, which says that this association representing nearly 15,000 growers of citrus fruit in California and Arizona is vitally interested in the legislation relating to transportation of California products, and so forth and so on, and they urge me to vote for this bill. I have here a wire from the American Fruit Growers, Inc., of California. Mr. Chairman, contrary to what might appear from the remarks of my colleague from southern California, I hold in my hands a sheaf of correspondence from my State and my section of Los Angeles. This is only part of the communications that have come to me. I grabbed them off my desk and culled them over while sitting here to find how many of the institutions and individuals who have written me were opposed to this bill. Out of this great sheaf of correspondence I find but three.

[Here the gavel fell.]

Mr. RAYBURN. Mr. Chairman, I yield 5 additional minutes to the gentleman from California.

Mr. DOCKWEILER. Mr. Chairman, it is not true that the business interests of my State would find the passage of this bill inimical to their best interests.

Mr. COLDEN. Mr. Chairman, will the gentleman yield at this point?

Mr. DOCKWEILER. Permit me to finish my statement. Mr. Chairman, my particular district is not a manufacturing district. It does not grow fruit. It is a cluster of 370,000 souls who are consumers and who are trying to make a living in professional and other vocations. In this district no doubt live thousands of persons, widows and orphans, whose trust estates and guardianship estates contain one or more securities based upon the railroad interests of this country. I wonder what would happen through the years to these investments? Do you know that the insurance companies of this Nation possess $3,896,000,000 worth of the bonds of railroads? Do you know that the Mutual savings banks hold $1,023,000,000 worth of these bonds, and that the national and other banks hold $1,147,000,000, and educational institutions hold $271,000,000 of these bonds, and foundations $284,000,000? All the others, amongst which are those I represent, because there are no insurance companies in my district, there are no great national savings banks in my district—all the others hold as much as all these I have mentioned combined, $5,709,000,000. Do you suppose I will vote against their interests? I cannot take a narrow view of this thing; I cannot disregard the interests of these people who still have some securities and some of this world's goods.

The railroads of this country are entitled to have their securities and their earning power safeguarded. Mr. Chairman, getting back to the individual example, may I say that almost 100,000 carloads of oranges a year move out of my State. Bear in mind that this is not 100,000 boxes, but 100,000 carloads. Do not confuse the idea with boxes. Do you know what 100,000 carloads of oranges is? With all of the facilities which the merchant marine possesses they could only carry 2,500 carloads of oranges out of the 100,000 carloads. The best interests of the fruit growers, the vegetable growers, who represent another 100,000 carloads, the walnut growers and the producers of other kinds of produce in my State, will be served if this bill is passed, so that there will be a continuance of the maintenance of railroad facilities.

Mr. BUCK. Will the gentleman yield?

Mr. DOCKWEILER. I yield to the gentleman from California.

Mr. BUCK. For the purpose of completing the accurate statement which the gentleman has made, may I offer the suggestion that the shippers of deciduous fruits alone shipped 100,000 additional carloads from California in the year 1935 and only 500 by water. May I say further that the growers of vegetables and melons shipped another 100,000 carloads out of the State of California. This shows that the perishable industry of California, in order to obtain adequate distribution, is tied down to rail facilities.

Mr. DOCKWEILER. I thank the gentleman for his contribution.

Mr. Chairman, the State of California is still a great agricultural State. Its other business might be oil, movies, and so forth. However, one railroad car could carry every film manufactured in California in the course of a year, but one freight car could not begin to carry the produce of my great State.

Mr. Chairman, I hope the Members will give this bill their very serious consideration and that it will pass. [Applause.]

[Here the gavel fell.]

Mr. COOPER of Ohio. Mr. Chairman, I yield 7 minutes to the gentleman from California [Mr. GEARHART].

Mr. GEARHART. Mr. Chairman, in the brief time I have at my disposal to discuss this subject I will not be able to develop the argument as I had hoped. Rather, I will have to state my views in the form of conclusions.

Mr. Chairman, I am against this measure because it represents, in my opinion, the most reactionary proposal that has been brought to my attention during my membership in this House. [Applause.] This is a bill which would turn back the hands on the clock of time to more than a generation ago, to the days of the tooth and claw when the railroads followed practices so hateful that the American people, oppressed beyond endurance, arose in virtual revolt. In desperation they set in motion a campaign which was diligently pursued down through the years until the victory

was won, and there was written on the statute books of these United States this most beneficent statute, section 4 of the Transportation Act. The bill under consideration, if passed by this Congress, will eliminate that section from our law books and bring back all the evils of the hated past.

In listening to the argument for the repeal of this section, and it is all of that, I have noticed that the various speakers have adverted from time to time to the idea that the poor railroad has been much abused, and is, therefore, entitled to some sort of emergency relief; that the railroad has become the victim of an unholy alliance of competing transportationists who are threatening to destroy a helpless rail system tied down like the fabled giant of Gulliver's Travels—that engrossing story of the days of our youth. They remind us that in 1929 the railroads had a gross income of $6,000,000,000 and that this tremendous income has dwindled, presumably because of ship competition, to the low, in 1934, of $3,000,000,000. They would have you believe that it was because of section 4 that the gross earnings of the railroads dropped from $6,000,000,000 in that year of 1929 to $3,000,000,000 in 1934. Let me pause right here to recall to the memories of the Members of the House that, in 1929, when the railroads produced their greatest gross income, section 4 was on the statute books and in full force and effect. In other words the greatest earnings that ever came to them at any time came to them when section 4 was on the statute books. True, in 1934 their earnings did fall to $3,000,000,000, but they have not remained at that low continually since that time. Those gross earnings are in no danger of falling lower, on the contrary, in 1935, the year just closed, railroad earnings climbed to $3,632,100,034, and, according to the estimates drawn from the record of the railroads' business for the last 3 months, taking into consideration the business of January, February, and March, up to the present time, the earnings for the railroads in 1936 will reach the very substantial figure of $4,176,915,039. As an indication of what to expect in the near future, only day before yesterday one of the greatest railroad executives in the United States, Mr. Ralph Budd, president of both the Chicago, Burlington & Quincy Railroad and the Colorado & Southern Railroad made a most optimistic statement in respect to the future of railroading in the United States. President Budd said, and I quote from the Washington Herald of March 20:

> An increasingly optimistic picture confronts the railroads of the Middle West. My own road has found for the first 3 months this year an average increase of 15 percent in hauling virtually all commodities.

Mr. Chairman, that clears up the matter which has been used here as an argument for the elimination of ship and truck competition. The railroad business is not on the decline. On the contrary, the days ahead are bright days—days of promised profits and plentiful employment for those who labor in this greatest of all industries.

What is the reason for that falling off in railroad earnings? The answer is plain enough. It is simply because of that of which we hear so much in this Chamber when other bills are under consideration, and that is "Old John Depression." Just as soon as this depression is over—and the end is in sight—railroad earnings will be as great and greater than they have ever been in the past. So the argument that the railroads have been unfairly dealt with under section 4; the argument that they are entitled to relief because of loss of income due to the competition of ships, airplanes, the air, electric wires, and the pipe lines is entirely fallacious and should not engage the attention of thinking men.

What does this bill that we are asked to repeal provide? It simply lays down two general principles. First, the railroads shall not be permitted to charge less for a longer distance than the aggregate charges for the included shorter distances. Second, the railroads shall not be permitted to charge more for the longer distance than the aggregate of the shorter included distances, unless—and let me impress this upon the Members—they are permitted so to do by order of the Interstate Commerce Commission. The railroads are not prevented from doing anything that they seek to be authorized to do under the terms of the Pettengill bill. They can do precisely that under the present statute, all that they may do if this bill before us is passed, but they must go before the Commission and show that their proposed rates are just. If they want to establish lower rates for a longer distance, they must show that a special case exists and that the unfair competition they seek to meet is real and not merely protential. Are not the people entitled to some protection? Is this too much to ask of them? I do not think so.

[Here the gavel fell.]

Mr. RAYBURN. Mr. Chairman, I yield 5 minutes to the gentleman from Indiana [Mr. GRISWOLD].

Mr. GRISWOLD. Mr. Chairman, it had not been my intention to take any part whatsoever in this debate. I do so now merely to correct a false inference that has been raised here by several gentlemen and, more recently, by the gentleman from California [Mr. COSTELLO], to the effect that there will be no increase in the employment of railroad men by virtue of the enactment of this bill because the cars are now being hauled west empty, and they will still be hauled west but under load, and the movement of cars will not be increased.

Any man who has learned his railroading on the rails and not out of a book or from the CONGRESSIONAL RECORD knows that 75 percent of all the cars that move west of Denver empty are refrigerator cars. They are moved west empty for the purpose of bringing back, under ice, fruits, vegetables, meats, and other perishable goods. These cars will continue to move west empty. They will continue to move west empty because the railroads are not going to load scrap iron or sand or machinery in refrigerator cars. This cannot be done. Refrigerator cars are not built to carry rough freight. In addition, you will have new traffic that will move in newly loaded box and gondola cars. However, we will presume that these gentlemen who got their railroading from the Lord knows where are telling the truth——

Mr. COLDEN. Mr. Chairman, will the gentleman yield at that point?

Mr. GRISWOLD. Not now. I will yield later if I have sufficient time.

Mr. COLDEN. I would refer the gentleman to the Southern Pacific officials themselves.

Mr. GRISWOLD. If these gentlemen to whom I have referred are making correct statements about the empties, you would still have an increase in employment. You would have this increase in employment because the loaded car must be spotted to be loaded by a switching crew, it must be inspected by a car inspector, waybills must be made out by clerks, you must have it weighed, and the weight must be recorded. You must also put it in the shop loaded where you do not put in empties for light repairs. All these things would mean thousands of additional employees under this bill.

As before stated, it was to correct this inference that I took the floor and for the further reason that it has been stated here we are deeply interested in the waterways. Why, all the ships in the United States under the American flag today could be bought for $200,000,000. They were a drug on the market after the war and, considering the comparative value between the cost price to the Government and the selling price to the shipping companies, you could have bought all of them you wanted for a nickel apiece and the Government would have been glad to have been rid of them. Now, you want to take this $200,000,000 industry and subsidize it for the purpose of destroying a $29,000,000,000 industry in this country.

I now yield to the gentleman from California.

Mr. COLDEN. I just wanted to ask the gentleman if he had read the testimony of the Southern Pacific Railway officials as to these empty cars in which they stated they did not expect to add any mileage or any employees in the return of these cars.

Mr. GRISWOLD. I may say to the gentleman that I have not read the testimony, but 20 years' experience as a railroad

man has taught me that most operating officials on the railroads today are not operating railroads from the offices of operating officials but are operating them from the back room of a bank or counting house.

Mr. COLDEN. I agree with that statement.

Mr. GRISWOLD. This bill does not "turn back the pages of time", as one gentleman suggested. It paves the way for the march of progress. Mr. Chairman, I yield back the balance of my time.

Mr. COOPER of Ohio. Mr. Chairman, I yield 15 minutes to the gentleman from New Jersey [Mr. WOLVERTON].

Mr. WOLVERTON. Mr. Chairman, I am supporting this bill not only because I believe that its passage will be helpful to the State of New Jersey and to the Nation as a whole but for the further reason that it comes before us with the united support of the railroad labor organizations and innumerable railroad shippers and their organizations and railroad management. I also point out that this bill was favorably reported to the House by the Interstate and Foreign Commerce Committee without a dissenting vote.

Testimony offered before the subcommittee of the House Committee on Interstate and Foreign Commerce by national officers of the various railroad labor organizations clearly indicates that a very substantial increase in employment of railroad workers will likely follow the passage of this bill. George M. Harrison, chairman of the Railway Labor Executives Association, appearing for the 21 standard railroad organizations, stated in his testimony that there are several hundred thousand unemployed railroad workers in the country today and that passage of this particular measure in its present form would very quickly take from relief rolls and place back upon railroad pay rolls many thousands of these good but now unemployed workers, most of whom are heads of families and have reached the age where it would be difficult, if not impossible, for them to obtain employment in other industries. No one can with exactness forecast the influence which expenditure of millions of dollars annually in increased pay rolls and for additional railway purchases of materials and supplies will have upon other industries, but it is safe to say that the effect will be very substantial, adding to the prosperity of retailers and wholesalers throughout the Nation and indirectly increasing employment in almost every trade and industry.

This in itself is sufficient reason for the enactment of this bill.

The bill proposes to change the long- and short-haul clause, which now forbids the railroads but not motor or water carriers, to charge less for a longer than for a shorter intermediate haul, although forced to do so by competition.

The law as it now stands and as administered by the Commission is a great handicap to American railroads and industries dependent upon the railroads. It has shackled the railroads in their efforts to adjust freight rates necessary to meet competition and move the products of industry, and has thus diverted a tremendous amount of traffic to other and usually subsized forms of transportation, with heavy loss of railway revenue, less railroad employment, greatly diminished purchases of durable goods, and lessened the ability of the railways to pay taxes to support schools and other governmental functions.

A study made in 1933, showed that the railways paid $22,897,031 in taxes in New Jersey alone in 1930, of which approximately 51 percent was for public schools, 6.5 percent for highways, and 42.1 percent for other governmental purposes. Due to the depression and loss of traffic to other forms of transportation, railway taxes in New Jersey have been somewhat reduced since 1930, but have not been made up by other types of carriers. Coordinator Eastman recently found that railway taxes amount to approximately 8 cents per dollar of revenue as contrasted with less than 1 cent for water carriers and from 2 to 4 cents for motor carriers.

Furthermore, it is well known that railway investments in New Jersey aggregate hundreds of millions of dollars and amounts to many billions of dollars in the entire country. They employ thousands of men, and normally purchase durable goods produced not only in New Jersey industries but elsewhere in the Nation representing tremendous sums of money. [Applause.]

The evidence before the House subcommittee shows that between 1920 and 1930, 67 percent of the growth of the country was in zones within less than 100 miles of seacoasts, Gulf coast, and Great Lakes. Obviously, it is not to the advantage of the Nation, or even to the seacoast, Gulf or Great Lakes cities that the rest of the country should thus stagnate. The great industries cannot long exist on the business they market in such zones. They must find their markets everywhere throughout the country. To a considerable extent they must draw their raw materials from interior points by railroad, and they must have an adequate and efficient railway system. It is to their interests that the country as a whole should progress.

This is why representatives of industries located in Massachusetts, Chicago, Jacksonville, Tampa, and other places located on deep water, appeared before the House committee urging the passage of this bill. They do not fear that the bill will cripple or kill water transportation. New Jersey's interest is substantially similar to that of Massachusetts, and we find this statement coming from the transportation manager of the Associated Industries of Massachusetts, located at Boston:

> We do not believe that any one transportation agency should be given a monopoly or undue advantage through greater restriction of a competing agency.
>
> We consider it quite probable, in the event this legislation is enacted, that in some instances manufacturers located on the seaboard or in proximity thereto will lose some advantages to their competitors at interior points. However, the railroads are essential for long-haul transportation and the movement of bulky traffic. Our dependency on them requires us to promote as much as possible their successful operations. As a shippers' organization, therefore, we view this subject from a broad, national standpoint.
>
> The industries of Massachusetts and their employees are dependent on the railroads more than on other agencies for the transportation of food, fuel, and raw materials for manufacture; also for the outbound movement of manufactured goods to the important interior markets of the country.
>
> It is essential that the railroads, the backbone of our transportation system and an important arm of our national defense, be permitted to function on a sound and profitable basis and adapt their rate structures to competitive requirements of commerce. This we are convinced can be better accomplished by the enactment of H. R. 3263.

Similar statements were made by representatives of Jacksonville and Tampa, Fla., both located on deep water, and by a representative of Chicago, on the Great Lakes, who spoke as the representative of the National Industrial Traffic League, an organization representing several hundred thousand industries and shippers throughout the country, including many located on navigable waters.

In the absence of compelling competition beyond the control of the railway at the competitive point, the practice of charging less for the longer than for the shorter haul cannot be justified, but, if because of unregulated competition, the business cannot be obtained except by a rate that will approach that of its competitor, and it becomes necessary to make a competitive rate which, while low, will yield more than the out-of-pocket cost of its handling, the railway is justified in making such reduction, subject, however, in the final analysis to the approval of the Interstate Commerce Commission. This is the same rule in principle followed by every other industry and by every other type of carrier.

The situation was well described by James H. McCann, of Boston, Mass., representing the Associated Industries of Massachusetts, who said:

> It has always been our view that the practice of the railroads to charge less for the longer than the intermediate shorter haul, when forced to do so by competition, rests upon a well-known economic principle. This principle is illustrated in industry. If a manufacturer, when his plant is not fully engaged, can secure a contract which will cover his actual out-of-pocket expense he can afford to take the contract at less than his regular price, because whatever profit there is goes to reduce his general overhead.
>
> Furthermore, if a manufacturer meets competition in one market, but not in another, it is sound policy to lower the prices of his goods where such competition exists, provided the reduced prices cover out-of-pocket expenses and something more.
>
> In the application of this principle to the railroads we believe they should be permitted to make rates low enough to meet com-

petition. If these rates yield something more than the added cost of handling the traffic, they thereby contribute to the aggregate earnings and make possible reductions in the rates to intermediate points. Conversely, if the carriers are prohibited from meeting this competition they must forego the additional amount above the handling costs which such traffic would contribute, and must obtain their needed revenues from other traffic.

New Jersey, like other States on the seacoast, Gulf, or Great Lakes, is clearly interested in the continued maintenance of the water carriers serving its ports. But it is likewise heavily interested in its railways. Each form of transportation is entitled to share in the traffic available. Clearly no barrier, such as the present long- and short-haul clause, should be set up to prevent one form—the railways—from competing. The steamships now adjust their charges on such a basis as may be necessary to meet all-rail competition even though such charges may be less than they charge a shipper at an intermediate port through which such traffic may move. For example, steamships operating between the North Atlantic coast cities, on the one hand, and South Atlantic, Gulf, or Pacific coast ports and to inland points contiguous thereto, reach out far into the interior and make such total charges as may be necessary to compete with the railways. They are not handicapped by any such thing as a long- and short-haul clause.

Mr. E. P. Farley, of the American-Hawaiian Steamship Line, who recently appeared before a Senate committee in connection with S. 4491, and who spoke for eight intercoastal water carriers, said:

The abnormally low (water) rates which have prevailed during the periods of rate wars have been of no real benefit to shippers, have drained the resources of all the lines, forcing some of them to withdraw from the trade, and have damaged the transcontinental railroads by extending water and rail shipments into the very center of the country, where economically there is no justification for the use of rail-and-water shipment in preference to the all-rail route.

The Commission, in administering the present long- and short-haul clause, has refused to grant the railways permission to establish rates necessary to hold even this business to the all-rail routes, although carriage by water route is conceded by water-carrier spokesmen to be without economic justification.

The question may reasonably be asked, Why should New Jersey and other railroads be estopped through the administration of a long- and short-haul clause from adjusting their rates to enable them to meet water competition where the water carriers fix the going rates? This does not mean that the railways must necessarily meet the exact charges of the water carriers. The quicker and more frequent rail service will usually permit a higher rail charge to be made. Where a water carrier desires to meet competition of a rail line it generally makes a charge somewhat less—for example, on the inland waterways the water carriers generally make their rates 80 percent of the rail rates. From New York to, say, Atlanta the water-and-rail rates are a certain number of cents—dependent upon the commodity—less than the all-rail rates. But when the water carrier chooses to fix the rate then the railways are effectively estopped from adjusting their rates to meet the competition unless they pay the penalty of making like reductions at intermediate places where the same competition does not exist. Common fairness demands that the two forms of transportation be treated alike; it is a poor rule that does not operate both ways.

This bill, if enacted, could not possibly cripple or eliminate water competition. It would prevent a water carrier monopoly of such traffic as the boats choose to handle. The water carriers would still be the rate-making carriers. The Commission, under section 3, would be bound to see that the railways make their rates no lower than absolutely necessary to meet the water competition and to obtain a fair share of the traffic. It would give the port cities a choice of routes—rail or water--whereas today the railways are entirely out of the picture, such as between the east and west coasts, where the spokesmen for water carriers boast that they have a practical monopoly of the traffic excepting only perishables.

Specifically, if this bill is enacted, the New Jersey railroads would be in a much better position than they are today in adjusting their rates necessary to meet the competition of water carriers to and from points on or adjacent to the Atlantic, Gulf, and Pacific coasts.

In conclusion, I again express my belief that a bill such as this, which has the united support of the railroad labor organizations, shipping organizations, and railroad management, and which has been favorably reported to this House by the Committee on Interstate and Foreign Commerce without a dissenting vote merits the favorable consideration of this House. [Applause.]

Mr. RAYBURN. Mr. Chairman, I yield 5 minutes to the gentleman from Oregon [Mr. PIERCE].

Mr. PIERCE. Mr. Chairman, when I learn that a big campaign is being made to pass certain legislation, the first question that comes to my mind is, What is the reason for the campaign and what do those who furnish the propaganda hope to accomplish? In the light of this observation, I wish to state that I have seen, since I have been in this Congress, only one more powerful propaganda campaign for the passage of a bill than the one being waged for this so-called Pettengill bill. Its only propaganda rival was the effort to defeat the holding-company bill of last session—a more costly money campaign, but not more efficiently organized. I wonder why this campaign is being made for the repeal of this clause. Some group must expect to benefit or thinks it is being seriously injured by the present law.

This bill would repeal the fourth section of the Transportation Act. In plain words, the present law requires the carrier to charge no more for hauling a short distance than it charges for hauling a longer distance over the same line in the same direction. For instance, if a railroad carrier makes a certain rate from New York City to Portland, Oreg., under the present operation of the fourth section it is not allowed to charge more to take that freight to Boise, Idaho, or to LaGrande, Oreg., than is charged to Portland, Oreg. All interior points must now have rates no higher than the terminal rate.

What is wrong about that? Why has it called for such a campaign for change on the part of the railroads? Not only has this campaign been waged in the newspapers but by pamphlets, by speeches, by shrewd, able arguments of brilliant attorneys, and by the personal work of those who are employed in the railroad service. Perhaps railroad employees in the interior have been told that their jobs depend upon their getting letters and telegrams from shippers in those interior points asking for the repeal of the fourth section. Perhaps railroad men have been informed that they must be ardent supporters of the campaign for the repeal of the fourth section. So railroad employees have added to this propaganda, and many of them and their organizations have appeared to be convinced of the justice of the cause. I believe their own best interests are not involved in this change and that they will come to realize the fact. They are themselves victims of propaganda.

My district is entirely an interior district. It has no terminal points. Every shipping point in the district would be adversely affected by the passage of the Pettengill bill, and still lumbermen, merchants, and others have written and petitioned me to vote for the Pettengill bill. When I send my argument to them they change their minds and so notify me. I am then convinced they must have been misled, or else I have not been able properly to visualize the situation.

This campaign has cost an immense sum of money. Somebody has paid for it, or is going to pay for it, and that somebody is expecting to get that money back manyfold if this bill is passed.

The hope held out to railroad men is that it will increase traffic, it will require more trains, more men will be employed. Is that the history of the last 10 years? Nearly one-half of the railroad men who were employed 12 years ago have been retired from service on account of larger engines, as a result of so-called efficiency changes, or because of a general weeding out of employees. Are they going to change their tactics? Do the railroad men believe that overnight the men who dictate railroad policies will act to increase their employees? Will they not, rather, continue the same old policy of reducing numbers of employees?

Can traffic be increased? Not materially. Why? Pipe lines have come, and come to stay. The airplanes are here, and here to stay. The private automobile and the truck are here to stay. These are the things that have cut railroad traffic in half, and there is nothing in the repeal of the fourth section that is going to stay the steady march of the internal-combustion engine operated in the truck and automobile. Invention shifts the business of transporting freight and passengers. Water transportation was developed as a reaction to excessively high railway freight rates. Shall we deliberately destroy the enormous investments in inland waterway improvements made by this Government?

The object of this bill—H. R. 3263—is, we are told, to enable the railroads to make special rates between port terminals, so that they will get at least part of the business now going by water through the Panama Canal. The railroads cannot compete with water transportation, and for the simple reason that it is cheaper to load freight on a ship in New York and float it on the water to Portland, Oreg., than it is to put that same freight in cars and haul it over the rails 3,000 miles to Portland, Oreg. If the railroads make a rate that will divert that water traffic largely to the rails, then it must be at a rate which will cause them to lose money on the traffic. The managers of railroads have never been noted as philanthropists in the conduct of their business. They have apparently been guided and ruled by the principle enunciated by the elder Vanderbilt, "Charge all the traffic will bear. The public be damned."

Now, if that terminal rate is made so that there is a loss the money must be made up somewhere. Railroads will reimburse themselves for that money loss as well as money paid for the propaganda that has been put on to pass this bill. They evidently hope also to reap other rich rewards. Who will be called upon to foot the bill? Why, of course, the shipper from points for which there is no competition, where the railroads have and must have all the traffic. There they can charge up to the point of confiscation. Clearly it is the interior points that must suffer. Have they suffered in the past? They certainly have. Anyone who ever lived in interior places like Spokane, Salt Lake, Denver, Boise, or my eastern Oregon knows full well the wrongs suffered before the Congress inserted in the law what we know as the fourth section, which the railroads now seek to repeal. Shippers from these places have paid the through rate on freight from the Atlantic coast to the port terminal, and then the celebrated short-haul freight back to the interior point.

A few years ago I was the chief owner and manager of an electric power company in eastern Oregon. I needed quick shipment on a car of copper to be used 330 miles east of Portland. I knew the manager of the railroad and went to visit him at his office in Portland. He made arrangements for the car of copper to be shipped from the company in New Jersey, by rail, to Portland, Oreg. The freight was a little more than $700. I then told the manager that I wanted to take the car of copper off the train when it came through North Powder, 330 miles east of Portland, as I was anxious to use it immediately. The manager said, "I will be glad to do that for you, but it will be necessary for you to pay the freight back to North Powder from Portland, and that is $480." So I paid, in fact, a little more than $1,200 on that car of copper wire. When it came to North Powder it was sidetracked, at my request, never taking the joy ride to Portland and back, for which I paid. I was out that $480 more than a man would have paid had he been buying the copper for use in Portland, Oreg., 330 miles farther on. Of course, I read that $480 freight into the capitalization of the company; and when I sold out it went into the capitalization of the new company; and users of electricity in the Grande Ronde Valley are still paying interest upon that $480. That amount measured the extent to which I was penalized for living in a territory where the railroad was allowed to charge more for a short haul than they charged for a long haul.

Everyone in my section helped pay these extra freight costs. All of the freight that was paid on materials that went into the buildings and other structures in the great interior country paid that extra charge over the terminal points. Growers were penalized on all the wheat and livestock shipped. Interior lumbermen could not sell as much to farmers whose resources were drained by such rates. Spokane suffered, Denver suffered; and I cannot see for the life of me how any Congressman from the great interior can vote for a bill which will be so harmful to the district which he represents. Everyone interested in retaining some small measure of prosperity for our interior country should study this matter and think what would happen to our inland empire if their railroad rates were materially increased.

The proponents of the bill say they have no desire to raise the freight rates for the interior. Why, then, the great effort to pass this? They say, "Why cannot we lower the rates between terminals and fill the empty boxcars now going west?" We say, "Fill those empty boxcars now with freight. We do not care if you are going to haul freight for nothing to Portland, Oreg.; but then we want the same privilege in the interior." Turn it over, upside down, and look at the proposition from any angle. It certainly means disaster to interior points, and it means that the railroad management expects to get more money. If they were not going to get more money, they would not be making this tremendous fight for the passage of the bill. The interior country noncompetitive points have never received any relief from confiscatory freight rates except by reason of competition. The truck and the automobile were a great boon to the interior. Motor trucks are now transporting freight, such as gasoline, from Pacific terminals as far as 500 miles into the interior. Where trucking is possible there is great relief from the excessive freight rates that were formerly charged. The railroad management's greatest interest is to get more traffic, more freight, more money. Railway revenues are increasing and the railroads have been enjoying a period of real prosperity. They have always had Government aid and encouragement, loans at low rates of interest, and concessions given few other industries. It is argued that this repeal would put more railroad employees back to work and would increase their purchasing power, thus aiding communities. I believe it would injure more communities than it would help. I wish to see railway employees well paid but do not believe this bill will prove of ultimate value to them.

I know the plea is made that railroads pay large taxes, and this is played up strongly in the press of interior points. Where do the taxes come from? They come from the people. The railroad is simply the collecting agency. What have been the reasons for difficult financial circumstances railroads have faced? Overcapitalization has been an important factor. Then more modern methods of transportation are today competing in the field. Instead of taking their losses like other business men, railroads seek to force the public to make good to them these inevitable financial losses. Of course, railroad lines cannot compete with pipe lines for carrying oil.

Then, too, railroads have never taken the deflation that all other business, especially agriculture, and property, have taken. My farm, at one time worth $200 an acre, has fallen in value so that, if it could be sold at all, it would probably not be worth more than $50 an acre. Have the railroads reduced their capital structure? Are they not still trying to pay interest and dividends capitalized at a time when all sorts of financial schemes and plans were worked, in the formation of railroad companies? And why, I ask, should the people who live in the interior be compelled to make good to the Wall Street bankers, who control the railroads, the losses they have sustained by reason of great modern conveniences like the truck and the motor car?

The Interstate Commerce Commission has declared against repeal of the long- and short-haul clause and has stated that it should be continued in force to insure the protection of the shipping public. It assumes that repeal would result in the establishment of higher rates for shorter hauls than for longer hauls, and in the same discriminations which were ruinous to interior points before this protective legislation was enacted. It will seriously handicap our shippers. Railroad Coordinator Eastman, who has been making special study of measures essential to railway prosperity, does not recommend the repeal. He said, in a statement

before the Rules Committee of the House, that under the fourth section the Interstate Commerce Commission is now authorized to grant proper relief to the railroads in meeting competition, but it must be proved that the rates they fix are compensatory in nature. Under this provision of the act the Interstate Commerce Commission has granted the petitions of the railroads for relief in about 150 cases. About 30 applications have been refused by the Commission. Is not that a fair showing? In all fairness, what more do the railroads want? In common decency, what more do they have the right to ask? This bill shifts the burden from the carrier to the shipper in presenting a case before the Interstate Commerce Commission, and we all know how impossible it is for the shipper to get together the money, hire the attorneys, and make the presentation of the case before this Commission.

If any Member of Congress wonders what will happen if this bill becomes a law, I ask such a colleague to read the letter written by L. W. Childress to Judge Driver. You have a copy of that letter. It was sent to you. In that letter Mr. Childress gives a detailed description of the fight that is being made by the railroads against water transportation on the Mississippi. From his statement it appears clear that for years the railways have waged a most relentless war of rate cutting to ruin and break down the barge lines. The proponents of this bill seem to think the managers of the rails have turned over a new leaf, that they are good now, and that they will not resort to any of the methods used so freely by their predecessors a few years ago. The managers, they seem to think, have reformed and will not adopt the ruthless and unjust methods of cut rates to terminals if this bill becomes a law. Forsooth, they say, "We have the Interstate Commerce Commission." Again I call to your attention Mr. Childress' letter and ask you to see how the men of Wall Street have resorted to any and every means to ruin the investment of millions upon millions that the Government has made to give relief in the Mississippi Valley from the confiscatory railroad rates.

Do not believe their fairy stories for a single minute. The rails want revenue and still more revenue. Should this bill become a law, down go rates to terminals to break the lines that are now carrying freight by water. The money to replenish the losses sustained must come from somewhere. It is surely not coming out of the reserves that the banks have. It will come from increased rates for all intermediate points, rates just as high as the traffic will bear. The water lines will be ruined and the railroad lines will be left charging higher rates.

The rails have yielded on their excessive confiscatory rates only to one argument, and that is competition. That is why this Government had to invest so many millions in improving river waterways and harbors, to force down rail rates. Do we want to wreck all that investment? They say that they just want to get a little of the freight that is now being water-borne. If they got it all it would only increase the total amount of the freight that they now carry by less than 1 percent.

The author of the bill, in his opening statement, said that wheat could not be moved out of the Pacific Northwest into the Southeast to compete with wheat from Argentina. That statement leaves a false impression. The fact of the case is that wheat now, and for months, has been as high in Argentina as it is in the southern parts of the United States. The only wheat which can come in, unless it is smuggled in, is the wheat that comes in as feed, carrying an ad valorem tariff of 10 percent of value. If it comes in as milling wheat, it must pay 42 cents tariff, which is impossible. I will tell my colleague from Indiana why wheat cannot move out of the Pacific Northwest. It is on account of the confiscatory railroad rates. I live 300 miles east of tidewater. At the beginning of the great World War we paid a freight rate on wheat from my ranch to tidewater of 9 cents a bushel. We now pay almost 16 cents. Then another 15 cents will take that wheat to Galveston, New Orleans, or Baltimore. Why cannot it be shipped directly east by rail? A rate of 42 cents a bushel from my ranch to the Missouri River. That is why. That same wheat can be sent by rail twice the distance in Canada for less than one-half the money. The rails collect more freight from pears, apples, and cherries shipped from the Pacific Northwest than the growers receive gross for the fruit over which they have labored days, months, and years to produce.

I am opposed to this bill because it would have ruinous effects upon agriculture. The farmer is the man who would be called upon to finance the rate wars in which the railroads would engage if this measure should pass. The great general farm organizations of the country are all against this bill and realize the iniquities that would follow its enactment. As the National Grange well says:

> This kind of legislation would drive industry to the seacoast and depopulate the interior of the country. It would remove the farmers' market farther and farther from him and increase his cost of doing business.
>
> The farmer lives in the interior. The farmer is the intermediate shipper. The farmer is the man who is located at the noncompetitive point, and the farmer is the man who would have to pay the bill in the form of exorbitant freight rates to finance the railroads in a rate war with other carriers.

Railroads, whose trains move through the interior farming country, cannot prosper unless farmers are prosperous. They have just as great a stake in agriculture as has the farmer, but they do not seem to realize it. When farm prices are low railroad earnings are low. Farm prices are up a little, and the roads are buying new equipment.

There is no claim made that the passage of this bill would be in the public interest. It is admitted that it is designed to help only the railroads. It would seriously handicap shipping and cripple motor and water transportation. This bill violates that sound principle which should govern us in the enactment of all legislation, namely, "the greatest good for the greatest number."

The CHAIRMAN. The time of the gentleman from Oregon has expired.

Mr. COOPER of Ohio. Mr. Chairman, I yield 22 minutes to the gentleman from Massachusetts [Mr. HOLMES].

Mr. HOLMES. Mr. Chairman and gentlemen of the Committee, I happen to be a member of the subcommittee which sat patiently while we held the hearings on this long- and short-haul bill, introduced by our colleague [Mr. PETTENGILL] of Indiana. I compliment and pay my respects to the chairman of the committee and all of the other members of the committee. I believe they have tried to consider impartially this legislation purely and simply upon its merits, in an endeavor to solve and help the railroads with their problems at the present time. I differed quite materially on the point of view which my colleagues arrived at. I do not believe there is any question at all but that the railroads need relief, but I am thoroughly convinced that under present section 4 of the law, as it is on the statute books at the present time, the Interstate Commerce Commission could, if it is so minded, extend all the relief that the railroads request, without any change whatsoever in the amendment, and it was quite generally presented to us at the hearing that it was in a sense the niggardly attitude taken by the Commission toward the railroads which necessitated their coming before Congress to secure relief.

Mr. FITZPATRICK. Mr. Chairman, will the gentleman yield?

Mr. HOLMES. I decline to yield now. I shall be glad to yield a little later. I do not want to see anything happen to railroad legislation that we have already enacted. I do not want to see this go so far that you will nullify and vacate from the statute books all of this tremendous volume of judicial opinions and decisions by various courts, even the Supreme Court of the United States, which opinions have had a tremendous bearing on the formulating and carrying out of the railroad policy of the United States.

I am in thorough sympathy with every member of my committee, and I shall recommend to the House that the railroads be given some relief, but I would hate to see the section entirely eliminated from the statute. It is true the bill gives the railroads of the country an opportunity to meet competition by other modes of transportation, by filing their rates, which means, of course, that the rates on the transcontinental traffic handled by the railroads will be reduced.

Whether or not they can handle that with their present equipment and personnel, or whether they will require additional equipment and personnel is another question, but we know that it will add to the expense of whatever traffic they carry.

It will be remembered that it was only in the closing days of the last session that we passed the Motor Carrier Act. That was before this bill had been reported to the House, but the committee on the long and short haul has recommended it to the House. We have a moral obligation because we passed that Motor Carrier Act. The reason it was passed was to elevate the standard of the motor-truck industry—those carriers by motor truck who were dealing in interstate traffic as common and contract carriers. And what did that Motor Carrier Act do? It compelled every common carrier, every contract carrier in interstate traffic to file its rates with the Commission, and we were in hopes that not only the motor-truck carriers would be elevated so that they would get a greater return for their services in the community, and more pay for the goods they carry, but also that it would help take away from the railroads some of the unfair competition with which they have had to contend these many years through individual motor-truck operators. After these rates are filed, under the Motor Carrier Act, the Commission can on its own motion readjust any of those rates that are unfair. So I feel from that point we should take into consideration that these motor carriers have to file their rates and that they are subject to rules and regulations on whether the rates are fair or not; whereas under the Pettengill bill you will throw the doors wide open, allowing the railroads to go ahead and get what business they can at such price as they can, to help out the railroad problem. I believe there is some justification in the railroads' request for relief, and just as soon as the bill is read for amendment I shall offer as an amendment the recommendations by Coordinator Eastman, known before our committee as the Rayburn bill.

What does that do? The Rayburn bill is, in substance, paragraph 1 of section 4, until it comes to the question of the 1910 amendment. The Rayburn bill actually strikes out of section 4 as it is now on the statute books, following section 1, the following:

> But in exercising the authority conferred upon it in this proviso the Commission shall not permit the establishment of any charge to or from a more distant point than is not reasonably compensatory for the services performed, if a circuitous rail line of road is, because of its circuity, granted authority to meet the charges of a more direct line or route to or from competitive points and to maintain higher charges to or from intermediate points.

That is known as the equidistant rule in relation to section 4.

Without reading the balance of that paragraph, it also strikes out "on account of merely potential water competition not actually in existence." Now, if you strike out "reasonably compensatory", the equidistant provision and the potential water possibilities not in existence, you are eliminating from this bill the three controversial points which, in all probability, have been the cause and the reason why there has not been more relief extended to the railroads on their request for relief under the fourth section. Still I am firmly of the belief and opinion that any of these requests of the railroads, as they have been made in the past, under the present phraseology and language of section 4, could have been granted.

Mr. TERRY. Mr. Chairman, will the gentleman yield?

Mr. HOLMES. I yield.

Mr. TERRY. Did not Mr. Eastman, in his appearance before the Rules Committee, advocate the adoption of the Rayburn bill and speak against the adoption of the Pettengill bill?

Mr. HOLMES. I do not know what Mr. Eastman said before the Rules Committee.

Mr. TERRY. The gentleman was not present?

Mr. HOLMES. I was not present. I do know, however, that no member of the Interstate Commerce Commission appeared before our subcommittee at any time while these hearings were in progress to state their views on this question.

Mr. FITZPATRICK. Mr. Chairman, will the gentleman yield?

Mr. HOLMES. I yield.

Mr. FITZPATRICK. Is it not a fact that if this bill is passed the Commission still has the right to reject any schedules filed by the railroads?

Mr. HOLMES. That is true; and while there is a sort of face-saving clause in the Pettengill bill, which provides that the railroads must prove their case, you are placing the burden of the complaint on the shipper; and if I, as a small manufacturer in the city of Worcester, ship goods to other parts of the United States, that burden is placed upon me.

Mr. FITZPATRICK. But you are not taking anything away from the Commission. The Commission still has the same power.

Mr. HOLMES. They have, under section 3, certain powers.

Mr. FITZPATRICK. It only limits the time. That is all it means. There is a limited time in which they must give their decision. That is the object of the bill.

Mr. HOLMES. No. I think my colleague is wrong to feel that his is the only object of the bill. I can assure the gentleman that the responsibility will be placed on the shipper to originally make complaint. The railroads, with their tremendous organization and their facilities, can at the present time, even with the amendment I have proposed, file their schedules so that the shipper throughout the United States will have some general knowledge of what those rates are. The Commission would have some valid reason to either approve or reject those rates without secretly filing them in Washington, where a shipper up in Massachusetts or out in Oregon would have no knowledge before the bill for the freight is rendered to him. The average small shipper is not in a position to hire lawyers.

Mr. FITZPATRICK. They have 30 days under the bill.

Mr. HOLMES. They have 30 days.

Mr. FITZPATRICK. And then they have 7 months afterward.

Mr. PETTENGILL. Mr. Chairman, will the gentleman yield?

Mr. HOLMES. Not just now. I believe the railroads should be relieved, and I want to make the fourth section just as flexible as possible, but I believe the railroads should file their rates and any proposed changes that they want to make, because they always maintain their rate experts, their attorneys, and every other facility where they can prepare within any reasonable time the necessary request for a change of rates either one way or the other; but the shipper is not situated that way. I am afraid that this legislation, wiping out altogether this section, is going to simply throw that burden on the shippers of the United States.

Mr. FITZPATRICK. But if they submit a rate now, must not the shippers oppose that rate and prove that it is not reasonable? Today if the railroad makes a request to the Commission, is it not necessary for the shippers to protest?

Mr. HOLMES. Oh, yes; if they do not like the rate, of course.

Mr. FITZPATRICK. But what will be the difference? The only thing is that under this bill there is a limited time.

Mr. HOLMES. No. There is no limit of time in this bill.

Mr. FITZPATRICK. Yes. They must give a decision within 7 months, I think somebody said. There must be a decision handed down in 7 months.

Mr. HOLMES. On the question of the reasonableness of the rate?

Mr. FITZPATRICK. Yes.

Mr. HOLMES. But there is all that time. Those rates were made available to the public so they could find out what they were. The shipper is the one who has got to make the complaint if he does not agree to the rate.

Mr. FITZPATRICK. Does the gentleman have any doubt but what they will know?

Mr. HOLMES. There is no question whether they will know.

Mr. FITZPATRICK. Does the gentleman believe the railroads should be placed in strait jackets with the shippers allowed to do as they feel like?

Mr. HOLMES. No; I do not believe that is a fair question.

Mr. FITZPATRICK. That is what is happening today.

Mr. HOLMES. I think that is an unfair question from my colleague, knowing him as well as I do. I certainly want to give the railroads all the advantage they are entitled to within reason. At the same time I think we are going a little too far if in amending the law to give them relief we do not require them to file their rates with the Commission in the proper way.

An examination of the reports of the Interstate Commerce Commission discloses hundreds and hundreds of decisions in rate and valuation cases, many of them bearing on section 4. In my opinion, around these decisions has been developed—not only by the Federal Government but through our various State public-utility commissions—rules for guidance of counties, States, and the Federal Government in their railroad problems. I think this procedure has been built up beneficially to the railroad interests because of this litigation and these decisions. It has resulted in sound railroad management with a definite policy of trying to serve the country. I am afraid that if we eliminate section 4 altogether, we will be taking out of the record this tremendous amount of work that has been done through litigation bringing about certain standards of railroad management.

Reference was made by my colleague about the attitude of the Massachusetts Organization of Associated Industries. The traffic committee of this organization is on record as being in favor of this bill, but many individual members of the organization have registered their personal objection to the bill. This has no bearing on it, for in my opinion, as a matter of fact, as a citizen of Massachusetts and a New Englander, it will not result in relief for our railroads. So I am not speaking here because I am trying selfishly to hold something in my district or trying selfishly to get something for my district, because it will not affect New England or New England railroads one iota, and we probably will not get a pound of additional tonnage one way or the other, whether this bill is adopted or not; but I am seriously conscious of the fact that there is an element of danger when you go too far in trying to do a good deed. It may kick back at you and do the reverse of what you expect; it may create tremendous hardships.

Mr. PETTENGILL. Mr. Chairman, will the gentleman yield?

Mr. HOLMES. I yield.

Mr. PETTENGILL. Will the gentleman tell us what the Associated Industries of Massachusetts consist of?

Mr. HOLMES. Yes; I shall be very glad to. The Associated Industries of Massachusetts is an organization of manufacturers from various sections of the State.

Mr. PETTENGILL. About 1,100 of them?

Mr. HOLMES. About 1,100.

Mr. PETTENGILL. And they are on record in favor of this bill?

Mr. HOLMES. Not by record of the association. [Applause.]

[Here the gavel fell.]

Mr. PETTENGILL. Mr. Chairman, I yield 8 minutes to the gentleman from Illinois [Mr. LUCAS].

Mr. LUCAS. Mr. Chairman, under the laws of the State of Illinois the Illinois tax commission has jurisdiction over the assessments of railroad property for tax purposes. As chairman of that commission for 2 years, I was given the opportunity of obtaining first-hand knowledge of the railroads, their facilities, their capitalized earning power, the value of their stocks, bonds, and rolling stocks, as all of these factors were used by the commission in determining the fair cash value of the railroad property.

We had under our jurisdiction 92 railroads. Each railroad, under the law, was compelled to prepare various schedules under oath which gave the commission a complete picture of their business and financial standing for the current year. In 1933 the commission held hearings for 4 weeks, listening to testimony and arguments of the representatives of 57 railroad companies which had filed with the clerk of the commission objections to their respective assessments. My colleagues, the financial condition of the great majority of those one-time healthy structures was appalling, to say the least. Receiver after receiver had been appointed, equipment was impaired, the railroad stock had deteriorated, the market value of many issues of stock and bonds had almost collapsed, the morale of those in control was low. In some cases about all that was left was two iron streaks of rust running for miles through the country. Never in my career as a lawyer for 20 years at the bar did I examine a set of facts that had so much disaster written upon almost every schedule. Never in my long legal career did I listen to such sincere and sound legal arguments upon the issue before us. The statistician, the tax expert, and the lawyer all pleaded with enthusiasm and firmness, yet at times with pathos, for a substantial reduction of the tentative assessed valuation fixed by the commission.

We finally certified an assessment of $492,000,000 for 1933, compared with $710,000,000 in 1927. In 6 years the fair cash value of railroad property in Illinois for taxation purposes had decreased approximately 70 percent. Even with this startling decrease in value, only two States had a larger assessment in 1933. And these railroads the tax commission investigated consisted of railroads operating between Chicago and the Atlantic coast, railroads which operated between Chicago and the Gulf, and railroads which operated between Chicago and the Pacific coast, as well as railroads which operated within our own State.

My colleagues, these hearings developed additional information which bears directly upon the question before us. Railroads, on the whole, with the greatest spread in mileage and fortified and equipped for long hauls, showed the greatest and most consistent earning power. It was agreed in those hearings by the railroad experts that the local railroad with a limited base in mileage and facility is doomed. It cannot compete with the various other transportation agencies which have come into existence in the last few years. The railroads with the long haul of freight are the saviors of the industry. They are the only ones which can survive the onrushing and industrious challenge of their transportation competitors.

In the discussion before us the inland waterways of the Midwest have been mentioned. Nine of the counties in my congressional district border on the Illinois River, and two of them border on the Mississippi River. Obviously, I am interested in the cheap rates of transportation which are and will be afforded through barge operation upon those rivers. However, this bill being debated today will in no way affect that situation.

My experience as a member of the Illinois Tax Commission has convinced me that no opportunity should be overlooked to lend a helping hand at every available opportunity to safeguard the most important industry of its kind in America. Let us not forget that the railroad of yesterday, with all of its baneful, corrupt, and nefarious influences, is not the railroad of today. Without doubt the passage of this bill is a direct help to the railroads that should survive. This is the hour in the Nation's recovery to give every gesture of encouragement toward the rehabilitation of the railroads of America. I am glad to support the bill. [Applause.]

Mr. Chairman, I yield back the balance of my time.

Mr. COOPER of Ohio. Mr. Chairman, I yield the balance of my time to the gentleman from Tennessee [Mr. REECE].

Mr. REECE. Mr. Chairman, I support this bill because I am convinced that its enactment is in the national interest, regardless of any sectional interest North, South, East, or West.

As a member of the House subcommittee which heard the voluminous testimony of many persons, both for and against the bill, as well as from independent studies I have made regarding the practical operation and effect of the present long- and short-haul clause, I came to the very definite conclusion that while at first reading the present clause might seem reasonable, in actual practice it not only fails to serve

any reasonable purpose but is a positive detriment to the industrial progress of the whole country and should therefore be repealed.

Especially is this true when we consider that since the present clause was enacted in 1910 and amended in 1920, we have greatly strengthened the hands of the Interstate Commerce Commission in the matter of reasonable and nondiscriminatory rates, including the power to suspend rates for 7 months pending investigation and to then allow or disapprove such rates; also the power not only to fix maximum rates but to prescribe minimum rates. Under this power there need be no fear that the Commission would permit the railways to establish or to continue rates that are lower than absolutely necessary to meet the competition of other forms of transportation and to obtain a fair share of the available traffic should this bill be adopted. The change effected by the repeal of the long- and short-haul clause is a procedural change only, and does not deprive the Commission of any of the various powers it now possesses with respect to reasonable and nondiscriminatory rates, or any of the possible abuses to which other speakers have referred. The Commission may still suspend or set a new rate, and the burden of proof in justifying the competitive rate continues to rest upon the railways.

As has been pointed out, contrary to perhaps the popular impression, this is not strictly a railroad bill, although it is strongly urged and supported by not only railway management but by the rank and file of railway employees who have seen traffic diverted from the rails, employment and purchases diminished, because the rails have been prevented by the Commission, operating under the present act, from meeting competition as they find it, within reasonable limits, of course.

I have said it is not strictly a railroad bill. It is one initiated by the National Industrial Traffic League, representing several hundreds of thousands of industries and shippers throughout the country who have seen industry, particularly in the interior, drying up under the operation of the clause. They have seen the railways, willing and anxious to establish rates necessary to move traffic and enable industry to progress and the country as a whole to grow, prevented from establishing such rates either without months and sometimes years of delay and in many, many instances refused permission to do so at all. And here I wish to make reference to Mr. Eastman's testimony before the Rules Committee in regard to the number of applications received, decided, and the average length of time of 28 days that elapsed between the filing of the application and the Commission's decision. A very large number of these applications are largely of a mechanical nature in connection with decisions of the Commission where, to put the basis required by the Commission into effect is impossible, without obtaining fourth-section relief. Others are of very minor consequence and a very large proportion of the total are applications in connection with which it is simply a question as between the Commission on the one hand and the railroads on the other in the respect that the public is not concerned in whether relief be granted or otherwise. They are largely to take care of technical tariff situations.

Where there is any opposition whatsoever to the granting of relief, the situation is entirely dissimilar in the respect that these applications are long delayed between the time that the application was originally filed and the final decision obtained. This was clearly indicated by the hearings and I wish to refer to a few specific examples:

GRAIN FROM EAST ST. LOUIS, CAIRO, AND MEMPHIS TO FLORIDA PORTS

Application filed May 19, 1933, decided November 1934.

Authority: Page 89 record hearing before subcommittee of the Committee of the House on Interstate and Foreign Commerce.

RATES FROM CENTRAL WESTERN TERRITORY TO SOUTH ATLANTIC AND FLORIDA PORTS

Application filed September 12, 1929.

Fourth section, order no. 11427, entered August 24, 1932, practically 3 years after filing.

Basis of relief granted impractical of application.

New application filed January 13, 1933, and denial issued to request for elimination of restrictions, making working out impractical, was entered November 13, 1933. Finally worked out with representatives of Commission and steamship lines so that rates were made effective December 15, 1934—5 years and 3 months after original application was filed.

Authority: Record of hearing before subcommittee, pages 89 and 90.

SUGAR

Transcontinental Lines filed fourth-section application April 24, 1930.

Hearing held January 12, 1931.

Proposed report issued June 26, 1931.

Application denied by the Commission August 3, 1932.

Applicants filed petition for rehearing and reconsideration August 23, 1932.

Commission reopened case for reargument and reconsideration December 12, 1932.

Commission rendered a decision granting relief in principle, but fixed a minimum rate, which would make relief of little value, although it would have been effective in meeting the competition as of the date of the original hearing. This decision was rendered July 3, 1933, 3 years and 2 months after filing.

Authority: Record before subcommittee, pages 150–151.

AUTOMOBILES

Transcontinental fourth-section application 15000. Filed January 6, 1933. Decided July 2, 1935.

IRON AND STEEL, BIRMINGHAM TO TEXAS PORTS—183 I. C. C. 405

Filed March 8, 1930. Submitted October 7, 1931. Decided April 11, 1932.

COMMODITIES BETWEEN NEW ORLEANS AND TEXAS POINTS—NO. 15394

Submitted July 6, 1934; decided November 11, 1935.

SWITCHING AND OTHER ACCESSORIAL CHARGES—NO. 14939

Submitted July 13, 1933; decided February 14, 1936.

Southeastern carriers had 10 applications filed prior to 1934 which had not been decided February 1, 1935.

Mr. PETTENGILL. Will the gentleman yield?

Mr. REECE. I yield to the gentleman from Indiana.

Mr. PETTENGILL. In one case a fourth-section application was pending for 11 years?

Mr. REECE. It was so stated before the subcommittee during the hearings.

Let me give you an illustration of how this present long- and short-haul clause works out in practical operation, and I will use my own State of Tennessee. In the eastern section we have a vegetable-canning industry of considerable size, furnishing employment to hundreds of workers, and using the crops of tomatoes, beans, corn, and so forth, produced by farmers in that section.

For many years these canneries had a profitable market along the Gulf coast. There they met the competition of many other canners, including those using water transportation. It was a healthy competition for both shippers and consumers, giving all a wide choice of products and markets. This has largely been changed under the operation of the long- and short-haul clause as it now reads, this because the railways have been compelled to withdraw the old competitive rates to these water-competitive markets.

To be specific, Newport, Tenn., in my district, is a representative east Tennessee canning point. The competitive rate on canned goods established to meet competition, not present at intermediate points, was formerly 48 cents per 100 pounds to New Orleans. This rate has now been advanced to 64 cents, an increase of 33⅓ percent. The Commission says that 64 cents is a reasonable maximum rate from Newport to New Orleans. The rates grade down with distance at intermediate points. Such a rate adjustment may look pretty on paper, but if a 64-cent rate to New Orleans is too high to meet the competition, the Newport canner finds it is as good as no rate at all. The railways and the east Tennessee canners are thereby ousted from the market.

Much the same thing is true of rates on canned goods from Newport to Houston and Galveston where the rate has been increased from 83 to 95 cents under this "dry land" basis of making rates, which is to ignore water and other competitive conditions actually present, and which no industry other than the railways is compelled by law either to ignore or to have such competition set the price on all of the goods it markets.

What I have said as to east Tennessee canned goods is not peculiar to my State. A representative of 70 canneries in Iowa and Nebraska appeared before our committee and urgently requested that this bill be passed in order that the products of his people might again be marketed under rates that would move the traffic. This gentleman told the committee that the same situation exists as to canners in Minnesota, Wisconsin, Illinois, Indiana, Missouri, Arkansas, and Colorado. This gentleman, Mr. Lampman, made this significant statement:

> It (meaning the long- and short-haul clause) has ceased to be a matter of speculation so far as our rates to these highly competitive points are concerned. We must have relief or forfeit the business to our competitors who are favorably situated adjacent to water transportation. There is no large consuming center close to our canneries; we must ship to distant points; we cannot move our fields, therefore, relief through rail carriers is our salvation.

Thus we find a most anomalous situation—industry in the interior gradually drying up, the shippers and railways in agreement as to what is necessary to move the traffic, but the railways with plants costing billions of dollars and not operated to capacity standing by helpless to promptly act, or, in many cases, denied authority to act unless they are willing to apply the same rates to other places where the same highly competitive conditions do not exist and where to do so the loss of revenue would be ruinous, greater than that to be gained from the transportation of the traffic to the competitive points which, if it is to be handled at all, must be on a low measure of profit.

What is true of canned goods is true of many other commodities such as potatoes from Idaho, Colorado, Nebraska, and Minnesota; paper from Wisconsin and Minnesota; iron and steel from Pittsburgh, Youngstown, Chicago, Kansas City, and Colorado; cast-iron pipe from Utah; rice from Arkansas; wool, hides, and tallow from the intermountain States; lumber from the Pacific and Gulf coasts; beet sugar from Colorado, Montana, and so forth; petroleum from independent interior refineries. Many other similar situations were brought to the committee's attention. What we have seen is a gradual stripping of traffic from the railways and a drying up of industry.

This is why we have seen the country as a whole increase 16.1 percent in population during the prosperous period from 1920 to 1930, while many States, suffering from the adverse effects of this long- and short-haul clause, have languished. Witness the following as contrasted with a growth of 16.1 percent of the United States as a whole:

Montana: Decrease of 2.1 percent.
Idaho: Increase of 3 percent.
Eastern Washington: Decrease of nine-tenths of 1 percent.
Eastern Oregon: Decrease of 1.8 percent.
Arkansas: Increase of 5.8 percent.
Minnesota: Increase of 7.4 percent.
Iowa: Increase of 2.8 percent.
Missouri: Increase of 6.6 percent.
North Dakota: Increase of 5.3 percent.
South Dakota: Increase of 8.8 percent.
Nebraska: Increase of 6.3 percent.
Kansas: Increase of 6.3 percent.
South Carolina: Increase of 3.3 percent.
Georgia: Four-tenths of 1 percent.
Kentucky: 8.2 percent.
Tennessee: Increase of 11.9 percent.

These are the States that have suffered most from the operation of this long- and short-haul clause, depriving, as it has, their industries from the opportunity of marketing their products freely in competition with water-borne commodities, and by likewise depriving the railways of the transportation of such traffic, with all that this means in the way of lessened employment and purchases and ability to pay taxes to support schools and other governmental functions.

The question of taxes paid by railways versus water carriers is important. A report by Federal Coordinator Eastman released in May 1935 shows that in 1932, as to the numerous water carriers who reported, their taxes represented nine-tenths of 1 cent per dollar of revenue, while those of the railways were 8 cents per dollar of revenue. The 12 intercoastal water carriers operating via the Panama Canal paid a total of $20,000 in taxes, or one-half of 1 percent of their revenues.

Of the railway taxes paid, approximately 46 percent goes to the support of schools, 14 percent to public highways, and 40 percent to other governmental purposes. But few water carriers pay taxes anywhere on their floating property.

The evidence before the committee shows that between 1920 and 1930, 67 percent of the growth of the country was in zones within 50 miles of the seacoasts and Great Lakes. Obviously it is not to the advantage of the Nation or even to these seacoast cities that the rest of the country should thus stagnate. The great industries located on or adjacent to the seacoasts and Great Lakes cannot long exist on the business they market in such zones. They must find their markets everywhere throughout the country. To a considerable extent they must draw their raw materials from interior points by railroad, and they must have an adequate and efficient railway system. It is to their best interests that the country as a whole should progress, as it did by leaps and bounds prior to the enactment of the present long- and short-haul clause, when the railways were able to freely and promptly establish rates necessary to move the traffic of the country.

This is why representatives of industries located in Massachusetts, Chicago, Jacksonville, Tampa, and other places located on deep water appeared before us urging the passage of this bill. They do not fear that the bill will cripple or kill water transportation. Listen to this statement coming from the transportation manager of the Associated Industries of Massachusetts, located at Boston:

> We consider it quite probable, in the event this legislation is enacted, that in some instances manufacturers located on the seaboard or in proximity thereto will lose some advantages to their competitors at interior points. However, the railroads are essential for long-haul transportation and the movement of bulky traffic. Our dependency on them requires us to promote as much as possible their successful operations. As a shippers' organization, therefore, we view this subject from a broad, national standpoint.
>
> The industries of Massachusetts and their employees are dependent on the railroads more than on other agencies for the transportation of food, fuel, and raw materials for manufacture, also for the outbound movement of manufactured goods to the important interior markets of the country.
>
> It is essential that the railroads, the backbone of our transportation system and an important arm of our national defense, be permitted to function on a sound and profitable basis and adopt their rate structures to competitive requirements of commerce.

Similar representations were made by spokesmen of Jacksonville and Tampa, Fla., both located on deep water.

I quote from a recent telegram from the Nashville Chamber of Commerce in my own State, addressed to the Speaker of the House:

> In our opinion this measure would be largely to the advantage of business in this territory.

Some of the witnesses who appeared on behalf of the water carriers in opposition to the bill made the point that the railroads have available a great deal of inland traffic not open to water competition and that the water carriers are practically restricted to traffic between water ports. Such is not the case for several reasons.

First, the great bulk of the traffic handled by water carriers originates or terminates at inland points and is moved to or from the ports by means of short rail or motor-truck hauls. The existing strictly port-to-port traffic admittedly could not support the water carriers. In this connection, I want to quote from testimony of E. P. Farley, who recently

appeared before a Senate committee in connection with S. 4491 and who spoke for eight intercoastal water carriers:

> The abnormally low water rates which have prevailed during the periods of rate wars have been of no real benefit to shippers, have drained the resources of all the lines, forcing some of them to withdraw from the trade, and have damaged the transcontinental railroads by extending water and rail shipments into the very center of the country where economically there is no justification for the use of rail-and-water shipment in preference to the all-rail route.

Second, much of this so-called, non-water-competitive traffic is not available to many of the railways who have had much of their traffic diverted to water carriers. The heavy tonnage of coal moved from Pennsylvania, West Virginia, and eastern Kentucky to the ports on the Great Lakes and Atlantic Ocean and elsewhere by such lines as the Pennsylvania, Chesapeake & Ohio, and Norfolk & Western, or iron ore by the Great Northern, mean nothing to lines such as the Atlantic Coast Line and Seaboard Air Line operating along the Atlantic Coast, the Illinois Central and Missouri Pacific operating along the Mississippi River, or the Southern Pacific or Santa Fe operating across the Continental Divide, all of whose traffic is largely competitive with water carriers. When, through the operation of the present long- and short-haul clause, traffic is taken away from such rail carriers they have no great reservoir of traffic upon which they can draw.

Third, a tremendous amount of traffic formerly produced at inland points and marketed at points on or adjacent to navigable waters has been lost to such inland producers and the railways serving them by being diverted to other producers, even including those in foreign countries, using water routes, and which has been possible under the operation of the present long- and short-haul clause. The record shows that under the operation of the present long- and short-haul clause, thousands of industries in the interior of the country have literally dried up—they have lost the opportunity of successfully marketing their products at points on or adjacent to the seacoasts, because the railways have been denied the right to make rates necessary to meet the competition from other producing points, even those in foreign lands, using water carriers, unless such railways also reduce the rates to points where such strong competition does not exist and which in many cases is impossible because the loss would more than offset the gain.

Some question of the propriety of charging less for a longer haul than for an intermediate shorter haul has been raised. As I see it, the charging by a railway of a lower rate for a longer haul than for an intermediate haul, where such is made absolutely necessary if competition at the further distant point is to be met, is no different in principle from that followed by all other industries, including even the water lines who are handicapped by no such thing as a long- and short-haul clause. If the business cannot be obtained on basis of a normal reasonable rate and it becomes necessary to make a highly competitive rate which while low will yield more than out-of-pocket cost of its handling, the railway is justified in making such reduction and it ought not to be compelled to reduce the other rates as to which conditions are dissimilar.

If a producer of canned goods, steel, sugar, or any other commodity is to sell these products in any given market, he must meet the prices of his competitors or else retire from the field and market all of his products adjacent to his plant. At the further distant and highly competitive markets, in most instances he must accept a low measure of profit. If some commission made him accept the same low measure of profit—the lowest accepted on any goods—at all other places, he probably would have to retire from the competitive market. His local markets would have to support his plant if it continued to exist. This is precisely the situation in which the railways find themselves; but we properly allow industry in general to operate and make prices along sound business lines, but say to the railways—if you meet competition at a given place, and to do so have to establish a low rate which while low will more than pay the extra or out-of-pocket expenses of its transportation, you must also handle intermediate traffic not so highly competitive at the same low measure of profit—what is the result? The railway is simply forced out of the competitive traffic.

The situation was well described by James H. McCann, of Boston, Mass., representing the Associated Industries of Massachusetts, who said:

> It has always been our view that the practice of the railroads to charge less for the longer than for the intermediate shorter haul, when forced to do so by competition, rests upon a well-known economic principle. This principle is illustrated in industry. If a manufacturer, when his plant is not fully engaged, can secure a contract which will cover his actual out-of-pocket expense, he can afford to take the contract at less than his regular price because whatever profit there is goes to reduce his general overhead.
>
> Furthermore, if a manufacturer meets competition in one market but not in another, it is sound policy to lower the prices of his goods where such competition exists, provided the reduced prices cover out-of-pocket expenses and something more.
>
> In the application of this principle to the railroads we believe they should be permitted to make rates low enough to meet competition. If these rates yield something more than the added cost of handling the traffic they thereby contribute to the aggregate earnings and make possible reductions in the rates to intermediate points. Conversely, if the carriers are prohibited from meeting this competition they must forego the additional amount above the handling costs which such traffic would contribute and must obtain their needed revenues from other traffic.

There is no difference in principle between (a) charging less for a longer than for an intermediate shorter haul and (b) charging different rates or charges for handling a given kind of freight between certain ports.

For example, on a shipment originating at port A and destined to port B a steamship line may charge $1 per 100 pounds, while for the same commodity handled by it between the same ports and in the same vessel it may charge 75 cents, 50 cents, or some other rate per 100 pounds if such shipment originates or terminates beyond port A or port B. There are present competitive and other conditions which make it simply impossible for such a steamship line to get exactly the same rate between port A and port B on a given kind of freight regardless of its origin or destination. It cannot blindly ignore the conditions with which it is faced, but must meet conditions as it finds them. If such a steamship line had, as to a given kind of freight, to accept on all of such freight the lowest rate or charge it makes on the most highly competitive freight of the same kind that it carries between such ports, it would soon go out of business.

Another illustration: A steamship line operating from New York to any port on the South Atlantic, Gulf, or Pacific coast must, as to traffic originating at Harrisburg or Pittsburgh, Pa., accept a less rate or charge from New York than it can make if the same shipment originated at Albany or Syracuse, N. Y. The reason is that on a shipment originating at Harrisburg or Pittsburgh the New York steamship line comes into competition with one operating out of Baltimore, and the inland cost of getting the freight to New York is higher than it is to Baltimore. The New York line equalizes this competitive condition by accepting less for hauling the shipment from the more distant port of New York than from the less distant port of Baltimore. This is well recognized as a sound practice in the steamship as well as the railway business. While the New York line may not actually stop at Baltimore, the fact remains that the principle is the same—that is, a less rate is charged for a shorter than a longer haul, and which is absolutely necessary in order to meet competitive conditions beyond its control.

The situation with the railway is almost identical. The fact that a point is intermediate to a highly competitive place does not in itself require that the railway should in justice extend the highly competitive charge thereto. The loss in revenue might be more than the gain in revenue on the traffic to the point beyond. If because of the long- and short-haul clause the railway cannot afford to accept the same low rate to the intermediate point and it has to forego the handling of the traffic to the competitive point beyond and on which it could get some profit, however small, then the intermediate points are called upon to support the whole railway plant, while the small profit from the competitive traffic, such burden on the intermediate points would to that extent be lightened. Also, unlike the railways who have fixed tracks, the steamships and the motor trucks can run around a less distant point and avoid long- and short-haul

difficulties and complications; but the principle of charging less for a longer than for a shorter haul is just the same.

I believe it is high time that we cease criticizing the railways for their alleged shortcomings and do something to enable them to freely transport the traffic for which they were constructed; enable them to better utilize their plants, give more employment, and buy more materials. Take off the long- and short-haul shackles and let them conduct their business along business lines. Let them be the judge in the first instance of what are profitable rates, and not a Government bureau in Washington not in direct contact with the business. As the committee in its report said:

The Commission, with the long- and short-haul provisions repealed as proposed, would have complete power under other provisions of the law to prevent railroads from doing anything which Congress ever intended they should be prevented from doing.

[Applause.]

Mr. PETTENGILL. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. FIESINGER].

Mr. FIESINGER. Mr. Chairman, I intend to vote for this bill. The author of the bill said in his opening statement that—

It is an unusual bill in the sense that it consists of only a page and a half, but a good deal of study and patience is necessary to understand its application.

It is true that this is an unusual bill, and it has complicated consequences, as I understand it from the debate upon the floor of the House.

Mr. Chairman, I am going to vote for this bill, not because I have a great railroad population in my district, and I have a great many railroad people residing in my district who believe that this bill will accelerate railroad employment. They are fine people, they are good citizens, and for the most part they own their own homes. I have been asked to vote for the bill by some of the shippers in my State, but I am not going to vote for it because they have asked me to do so. Something has been said about the owners of railroad securities benefiting by the passage of this measure. This would not be a reason to vote for the bill. It has been said that some of the farm organizations are against the bill. To my mind that would not in itself be a justification for voting against the bill.

I am going to vote for the bill because I believe it to be in the national interest and in accordance with my philosophy of economics. Almost everyone has some philosophy of economics. I have my philosophy, which is that economic forces should, as far as possible and practical, remain free and unrestricted. I think it was the underlying purpose of the framers of the Constitution of the United States that so far as possible and practicable economic forces should be kept free. I am sorry to say that in the last few decades many things have happened to impede those economic forces. I refer particularly to police powers, trade restrictions, and also these rate restrictions. I think the same are a great impediment to free economics. Someone may say, "Well, you voted for a good deal of legislation here that restricted the freedom of economic action." It is true that I have voted for a good deal of that kind of legislation, but everyone on my side of the House has done so, and a good many on the other side of the House have done likewise. I did that contrary to my political philosophy and contrary to my idea of economics because I believed at the time that we were in an emergency which required the application of the things we did.

Mr. Chairman, I believe this bill squares with my economic philosophy. I believe it is to the interest of all the people of the United States; and I am not alone in that belief, as I have talked with a number of Members here, some of whom come from the West and the far West. They have stated to me that in their districts there is terrific opposition to the bill. I am glad to say, however, that every one of those men to whom I have talked, and there were a half dozen of them, have risen over this opposition which has a lot of political significance so far as the particular Members are concerned, and have told me they are going to vote in favor of the bill.

[Here the gavel fell.]

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That paragraph (1) of section 4 of the Interstate Commerce Act, as amended February 28, 1920 (U. S. C., title 49, sec. 4), be, and it is hereby, amended to read as follows:

"(1) That it shall be unlawful for any common carrier subject to the provisions of this act to charge or receive any greater compensation as a through rate than the aggregate of the intermediate rates subject to the provisions of this act: *Provided*, That the Commission may from time to time prescribe the extent to which common carriers may be relieved from the operation of this section: *And provided further*, That rates, fares, or charges existing at the time of the passage of this amendatory act by virtue of orders of the Commission or as to which application has theretofore been filed with the Commission and not yet acted upon shall not be required to be changed by reason of the provisions of this section until the further order of or a determination by the Commission."

With the following committee amendment:

On page 2, line 9, after the word "Commission", insert a colon and the following: *"And provided further*, That in any case before the Commission where there is brought in issue a lower rate or charge for the transportation of like kind of property, for a longer than for a shorter distance over the same line or route in the same direction, the shorter being included within the longer distance, the burden of proof shall be upon the carrier to justify the rate or charge for the longer distance against any claim of a violation of sections 1, 2, and 3 of the Interstate Commerce Act."

Mr. BLAND. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. BLAND to the committee amendment: Page 2, line 16, insert a period after the word "distance" and strike out the remainder of the sentence.

Mr. BLAND. Mr. Chairman, if the Committee followed the amendment, the language which I propose to strike out is the language appearing in line 16, on page 2, which reads, "against any claim of a violation of sections 1, 2, and 3 of the Interstate Commerce Act." In other words, by this amendment of the committee it is sought to continue in the carrier the burden of proof to justify the rate, fare, or charge, but this does not reach the vice or the iniquity in this situation.

Under existing law the carrier must justify the application before the Commission. Under the proposed law the carrier is not required to justify unless the community, the shipper, or some interested party assumes the burden of meeting that objection and raising the question before the Commission.

There is not a community in the United States, except possibly the larger cities of the United States, that has an expert able to interpret these tariffs and schedules.

The gentleman from Colorado [Mr. MARTIN] in his speech cited case after case where railroad presidents and railroad witnesses came before the committee, and whenever they were interrogated with respect to any rate, fare, or schedule, they would be compelled to turn the matter over to some rate expert who passed upon it. Is your community to be saddled with this burden?

The language proposed to be stricken out, "against any claim of a violation of sections 1, 2, and 3." What do sections 1, 2, and 3 deal with? Section 1 requires just and reasonable rates; section 2 forbids special rebates, special rates, and things of that kind; and section 3 undue prejudice. The community itself, under the committee amendment, has upon it the burden of coming before the Commission charging the violation and assuming the burden of the fight. I am taking away that burden. Let the carrier who has the information assume the burden of the fight. Let him protect the people of the community and not have them saddled with unjust and unreasonable rates or prejudicial charges that may be submitted by the carrier and of which the community will know nothing until somebody goes to the freight office and is met with the necessity of paying an increased charge upon the freight that he desires to ship.

Mr. MARTIN of Colorado. Will the gentleman permit me to interrupt him, since he has mentioned my name?

Mr. BLAND. Yes.

Mr. MARTIN of Colorado. If this bill is passed, there will not be any such complex rate making as there is now under the fourth section.

Mr. BLAND. Oh, the gentleman has too great faith. Section 4 is not the only section that requires complex rate making. This is a delicate structure that has been built up

throughout the years. The Commission was created in 1887 because of the unjust impositions of the railroads, and while I think there are just as honest and just as honorable men in the railroad business as in any other business, I just cite you to what General Ashburn said the railroads did with the Ensley Short Line down in Alabama.

Mr. Chairman, I ask that the amendment be adopted.

Mr. BEITER. Mr. Chairman, I rise in opposition to the committee amendment and ask unanimous consent to proceed out of order for 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BEITER. Mr. Chairman, I ask your indulgence for a few minutes in order that I may deviate from the subject under discussion and bring before the Congress some pertinent facts regarding unemployment relief.

In his recent message to Congress the President asked for an appropriation of $1,500,000,000, and added that he wanted this money for the Works Progress Administration, stating that it was the responsibility of that agency to provide work for the destitute unemployed.

The works program was inaugurated with the purpose of giving employment to those on the relief rolls, and this restriction has made it impossible for those who are not actually reduced to receiving charitable aid to secure needed employment. Numerous complaints are being received regarding the limitation thus imposed on W. P. A. jobs, and judging from conversations I have had with other Members of Congress this dissatisfaction is widespread.

The fact that a man wants to be independent and pay his own way should not prevent him from securing work if he wants it. It should not be necessary for applicants to first accept a dole before they can qualify for a chance to earn a decent living. Concrete examples of this unfair discrimination are brought to my attention every day. A survey of the situation in various States would bear out the fact that there are more taxpayers in need of work relief than those actually receiving welfare aid. By the term "taxpayer" I refer to those citizens who have for years been supporting the city, county, State, and Federal Government through school, highway, municipal property, and other tax assessments.

Now that the Congress is preparing to consider the question of extending or continuing the Federal relief program, I think it opportune to compare the results obtained from the past expenditures for this purpose.

Since June 1933 I have been exceedingly interested in the public-works construction program. This program is not to be confused with the works-progress plan; they are as unrelated as night and day. At that time the country was economically ill, to say the least, and one of the important treatments prescribed was the construction of public works. An incentive was given to potential sponsors of projects in the form of grants from the Federal Government equaling 30 percent of the labor and materials.

However, there was no existing agency equipped to handle such a great undertaking, nor had any comprehensive plan of public works been formulated. No studies had been made during a period unruffled by economic distress, a time which would have been conducive to clear thinking and proper selection and distribution of projects. Consequently it became necessary to formulate an agency without previous experience to undertake this work. It was a tremendous undertaking, and Secretary Ickes should be congratulated on the result of his efforts in formulating the P. W. A., an organization noted for its integrity and professional ability.

There has been some criticism of the P. W. A. for its alleged slowness of action during the first program. This has been made, however, by those not realizing or those preferring not to acknowledge the lack of previous planning, the existence of usable statistics, and data upon which to proceed. Neither do they mention that now the P. W. A. is a going concern, having all the necessary personnel, organization, plans, and statistics necessary for proper, efficient, and speedy operation, and that this has been unequivocally proven in the E. R. A., P. W. A. program and the latter part of the N. I. R. A. program.

Under the E. R. A. program only $339,381,748 was allocated to the P. W. A., and $200,000,000 of this was withheld until September 1935. In spite of this late date, however, the P. W. A. had allotted $327,592,251 by December 31, 1935, for 4,158 different projects. Furthermore, on December 31 more than 80 percent of the actual construction contracts had been let, and bids had been received and contracts were about to be awarded to bring this total to 93 percent.

In connection with the value of public works as a stimulant to recovery, much data have been published to show the direct gainful employment furnished through the construction industry. This has been broken down into man-hours, total cost per man-year, Federal cost per man-year, and number of people put to work directly, but little has been said regarding those finding employment indirectly. It is true that indirect labor has been mentioned by those who have pondered the problem, but the references are mainly vague.

The ramifications of the construction industry are so numerous and important that they affect every corner of the country. The business and social activities of our country are mutually interdependent, and all must be functioning properly to create a balanced economic life. When a stimulant is applied to aid recovery, it must be injected into the blood stream of our interdependent existence. We cannot hope to effectively aid recovery unless this course is pursued.

Fortification of the construction industry does this very thing. For instance, the raw materials used in construction have widespread occurrences in nature and they must go through many stages of processing and transportation before actual use in construction works. Stone must be quarried, crushed, separated into sizes, and mixed with other materials in proper amounts. Limestone and gypsum must be quarried and converted into cement and plaster. Iron ore must be mined, shipped, smelted, and converted into structural and reinforcing steel. Cotton must be grown, ginned, shipped, and woven into fabric for tires, belts, and containers. It is definitely a progression affecting every important factor of our economic structure.

The mechanics followed in the production of construction projects are not unlike those of a tree in producing fruit. For instance, the numerous tree roots take elements from the ground and convert them into essentials necessary for life and production. Similarly the producer-goods industries secure raw materials from nature and refine and convert them into usable products. The tree conducts the essentials produced by the roots through the alburnum of the trunk to the branches. Likewise, the transportation industries convey the products of the producer-goods industries to the various branches of the construction industry.

The leaves of the tree create a further chemical change essential to life, and the blossoms produce fruit. In the construction industry the many types of projects are distributed to the appropriate branches of industry where proper engineers and contractors plan, assemble, and construct the ultimate project.

The importance of the construction industry is clearly shown by table I, which I shall later ask to have inserted in the RECORD, which indicates an average annual expenditure of $8,894,875,000 during the years from 1926 to 1933 for direct construction.

In 1928, $12,000,000,000 was expended for construction. This reduced to approximately $11,000,000,000 in 1929 and then collapsed to a little over $3,000,000,000 in 1933. This abnormal fluctuation, with its accompanying disturbances in other industries, was a major factor contributing to the depression.

According to figures published by the Bureau of Public Roads, approximately 122,000,000 people (1925–33) are normally supported by 47,000,000 gainful workers, 13,000,000 of whom are directly in the construction industry and related producer-goods industries. The remaining 34,000,000 are in the consumer field producing and distributing goods consumed by the entire 122,000,000.

Since unemployment decreases consumption and increases dependency, when 7,000,000 lost employment through collapse of the construction industry it caused a further unem-

ployment, it has been conservatively estimated, of 4,000,000 people in the consumer field. Statistics on this will be shown in a table to be inserted in the RECORD.

In order to show the effect of construction upon indirect labor, several manufacturing organizations, Federal bureaus, and construction organizations have conducted extensive research and prepared comprehensive reports of their studies. The published reports necessarily deal with statistics which are a few years old, for a thorough study requires many months to complete. Furthermore, the compilation of the basic statistics lag behind the end of the calendar year. However, for the purpose of this study they are adequate, since it is proof of the employment distribution that is paramount, not mere figures.

On September 21, 1933, the Construction League of the United States, a federation of practically every association interested in construction work, published a report in the Engineering News-Record entitled "Employment Values in Construction." This analysis points out that in 1929 the production of construction materials employed every tenth manufacturing worker and that this fabrication proceeded in a quarter of the country's factories and mills. It also states that one of every five carloads of freight moved carried construction materials, and that 8 percent of all wholesalers were engaged in the distribution of construction goods.

This presents an interesting picture, for it shows many States not normally considered as such to be heavy producers of construction materials, as, for instance, Mississippi, Louisiana, Oregon, and Washington. It indicates these States as being greater producers than Massachusetts and Missouri, their importance being attributed to lumber production, which predominates in the South and Northwest.

Probably one of the most valuable analyses of public works expenditures that has as yet been published is given in An Economic and Statistical Analysis of Highway Construction Expenditures, a report published June 1935 by the Bureau of Public Roads. This treats of a $100,000,000 highway expenditure to determine the amount of direct, indirect, and total employment furnished, the various industries affected, and the total value of business erected. The analysis is comparable to all public works, for highway construction includes every basic industry affected by general public works. It is true there will be some variation by reason of the greater refinement in processing materials for public works and in their greater value. Also there will be some variation because of their difference in locations, highway funds being expended largely in rural areas and public work principally in urban areas. This affects the amounts paid to labor directly on projects. However, when both direct and indirect labor are considered, total accruals will be substantially the same as those developed in highway construction. Therefore it is reasonable to assume that the total employment furnished per dollar expended is practically the same, and the determinations in the report become of tremendous value in aiding one to appreciate the full effects of public works.

Some astounding facts are brought to light which should be known generally. It proves the need of public works as a stabilizing influence in times of economic distress.

For instance, from a direct highway expenditure of $100,000,000, neglecting reinvestment, $74,726,000 goes for direct and indirect labor and results in $231,000,000 of business value. I have prepared a table—no. III—which will appear in the RECORD itemizing these expenditures and showing the amount apportioned to 21 basic industries affected. The difference between salaries and wages and the $100,000,000—namely, $25,274,000—is divided into interest and margin and is available for reinvestment in the producer- and consumer-goods fields. When this sum is also broken down it shows that the entire $100,000,000 expenditure ultimately finds its way to wages and salaries in the following proportion:

1. Direct construction	$24,391,000
2. Investment in producer goods	50,335,000
3. Reinvestment in producer goods	14,827,600
4. Reinvestment in consumer goods	10,446,400

Table IV gives an analysis of the ultimate distribution to salaries and wages of the $100,000,000 expenditure.

In the final break-down including reinvestment the report shows that 102,690 persons would be employed for a year at an average rate of $970.

I have secured a table, no. V, giving a complete analysis.

During periods of economic stress reinvestment in producer goods will not readily take place. In other words, funds which would normally find their way back to industry through capital investments will become temporarily stagnated, and consequently the results of this type of reinvestment have been discarded in analyzing the effects of public works. It should be considered, though, when studying the effects of a long-range program.

Reinvestment in consumer goods, however, is considered, for this represents expenditures for cost of living alone, such as food, clothing, housing, amusements, and contingencies.

When the deduction for producer-goods reinvestment is made, the salaries and wages total $85,172,400 and represent a year's gainful employment for approximately 90,000 persons. This is approximately equal to 1.4 men working indirectly for each person employed on direct construction projects. Table VI gives the procedure followed in making this computation.

I cite these incontrovertible studies to prove that indirect labor benefiting from public works is an important factor and that, according to highway report, approximately seven men are employed indirectly for every five men employed on the construction site.

Table VII shows the estimated cost, P. W. A. allotments, and funds supplied by applicants as distributed by States on December 31, 1935. Table VIII indicates the same allotments distributed by type of project.

As stated previously, the total P. W. A. construction program as of December 31, 1935, under the E. R. A., consisted of 4,158 projects, the total cost of which is estimated as $748,547,711. Of this amount the Government has granted $327,592,251 to aid sponsors of projects in financing the construction.

According to completed and finally audited P. W. A. projects, 32.6 percent of the total cost goes for direct labor.

By applying this percentage to the $748,548,000 P. W. A. program, it indicates that $244,026,648 will go to direct labor. The remaining amount, or $504,521,352, when divided into indirect labor by using reinvestment percentages computed from table IV, shows that $393,512,352 will go to indirect labor. This is exclusive of producer-goods reinvestment and represents only the first cycle of distribution. Table IX gives a more complete analysis of the break-down.

This means that out of the $748,548,000 P. W. A. program, 85.2 percent of the expenditure will go to direct and indirect labor and that approximately 208,570 man-years of direct labor and 339,527 man-years of indirect labor will result. This illustrates that approximately 1.62 men will receive employment indirectly for each one employed directly and that approximately 548,097 men will receive work for a 1-year period.

This being the case, the cost to the Federal Government per man-year is equal to $327,592,251, divided by 548,097, or approximately $598.

At the present time the Public Works Administration has many additional projects on file which have been submitted in good faith by political subdivisions scattered throughout the United States. It was represented to them that the Government would aid in financing these, and they incurred considerable expense in the preparation of plans, legal data, purchase of lands, and in submitting applications, only to discover that funds were not available.

The projects include a wide diversification of type. There are schools, hospitals, jails, many types of buildings; streets, highways, bridges, sewerage systems, treatment plants, water systems, dams, wharves, and many others. Furthermore, they are scattered throughout the country, and every State has many worth-while projects pending.

The Public Works Administration has analyzed these and divided them into two types. The first list represents those which are apparently ready to proceed with immediate construction and which can be carried direct to a successful completion. This group is known as list B and B–1, shown

in table X, and sets forth the amounts by States, and comprises 6,130 different projects, the total cost of which is estimated as $2,239,732,000. Of this amount $817,459,000 is requested in the form of outright grants.

The amount shown as the estimated cost of the pending B and B–1 P. W. A. projects and the total amount of grants requested by their sponsors are not likely to be required in their entirety. Undoubtedly, some applications were filed by overzealous officials who, since filing the applications, find that they will be unable to proceed. This has happened in the past. Furthermore, legal and other extenuating circumstances will arise occasionally to prevent the sponsor's acceptance of a P. W. A. allocation. I believe, after a study of past experiences, that approximately 15 percent of the projects which are now pending will be unable to be constructed, and that $700,000,000 will be a sufficient sum to successfully complete the pending P. W. A. program.

The projects which would be constructed by a $700,000,000 P. W. A. program would be of a permanent nature and increase the wealth of the Nation by the total amount expended for them. Furthermore, the work would exert a tremendous stimulating effect on all industry, and as a result materially relieve the unemployment situation. Consequently I have introduced a resolution—House Joint Resolution 492—which would definitely allocate $700,000,000 to the Federal Administration of Public Works in order that the pending approved program may be completed, the intimated agreement with the sponsor fulfilled, and the benefits to industry and labor secured.

During the past year business employment and private enterprises have shown encouraging signs of revival. We are now recovering from an economic intoxication and despondency resulting from our former happy-go-lucky system of indulgence. Thanks to the country's vitality and the inherent will of the American people to survive the crises and respond to treatment. Let us not discard the tonic of effective public works at this time.

The prescription is not new. It was used over 6,000 years ago by ancient rulers, who placed thousands upon thousands of men on construction work during depression times to keep them in peaceful occupation, rather than to become inflamed with thoughts of war and vandalism through morale breaking and inactivity. Furthermore, this admirable undertaking was in many instances definitely accomplished, and, at the same time, amazing engineering problems were mastered. Many of the works have lasted until the present time, and are even now of great economic value to the countries through the tourists they attract and the resultant benefits derived through this traffic to the consumer-goods industries.

This country has successfully followed the same principle and has materially stimulated recovery through public works. I believe and think that all my colleagues will also concur that the public-works program was a major contributing factor in setting the wheels of economic recovery in motion. I am sure that economists, business interests, and employees alike will agree that construction work of a permanent nature, work which will result in structures enabling citizens of their communities to live a more pleasant, safe, and useful life are worth while and of tremendous value in stimulating direct and indirect reemployment.

The appropriation of $700,000,000, which I have proposed, to contribute 45 percent of a public-works program, will result in a series of projects which total $1,555,600,000; 85.2 percent of the total cost; namely, $1,325,000,000, will be provided for direct and indirect labor. This sum will furnish a year's employment at current wages and salaries to 1,140,000 persons at a per capita cost to the United States Government of only $615.

I am a firm believer in the P. W. A. plan. It is effective immediately, and when the depression is over all of the public dollars expended in the program will be paying dividends in socially valuable, Nation-enriching works. I solicit your support in continuing this program for the benefit of all. I ask your cooperation in securing the necessary funds in relieving unemployment in the heavy industries by direct appropriation or by earmarking a portion of the relief fund to be appropriated in the near future. You will be interested to know that voters have assessed themselves, as local taxpayers, in 2,166 out of 2,613 elections for local contributions of the greater part of the funds required to secure the benefits P. W. A. offers. These local bond elections, in which 10,000,000 votes were cast, show the willingness of communities in your congressional districts and mine to contribute their own funds for P. W. A. projects. [Applause.]

The following tables illustrate various phases which I discussed in my speech:

TABLE I.—*Estimated average annual construction expenditure in the United States, 1926 to 1933*

Class of construction	Public highway		Other		Total	
	Amount	Percent	Amount	Percent	Amount	Percent
Federal	$135,816,000	1.53	$242,309,000	2.73	$378,125,000	4.26
State	428,922,000	4.82	103,953,000	1.17	532,875,000	5.99
County	327,128,000	3.68	200,497,000	2.25	527,625,000	5.93
City	457,311,000	5.14	735,064,000	8.26	1,192,375,000	13.40
Total, Government	1,349,177,000	15.17	1,281,823,000	14.41	2,631,000,000	29.58
Residential					1,712,250,000	19.25
Commercial					665,625,000	7.48
Factory					334,125,000	3.76
Farm					352,625,000	3.97
Religious, memorial, and social					213,875,000	2.40
Total, private					3,278,500,000	36.86
Steam railroad					1,031,875,000	11.60
Electric power company					694,375,000	7.81
Telephone company					588,125,000	6.61
Pipe-line company					[1] 309,750,000	3.48
Electric railroad company					167,750,000	1.89
Gas company					[1] 133,750,000	1.50
Telegraph company					[1] 36,750,000	0.41
Waterworks company					[1] 23,000,000	.26
Total, public utilities					2,985,375,000	33.56
Grand total					8,894,875,000	100.00

[1] Averages are based on data for years 1930–33.

TABLE II.—*List of break-down basic industries*

1. Construction.
2. Transportation.
3. Plant and equipment.
4. Aggregate quarrying.
5. Insurance and taxes.
6. Cement.
7. Iron and steel.
8. Petroleum products.
9. Coal and coke.
10. Power.
11. Metallic-ore mining.
12. Forestry products.
13. Advertising and development.
14. Explosives.
15. Laboratory.
16. Rubber.
17. Brick.
18. Agricultural products
19. Pipe.
20. Nonferrous-metal refining.
21. Containers.
22. Retail trade.
23. Wholesale trade.
24. Manufacturing.

Example—Break-down of cement industry no. 6 above

Item	At source	Transportation	Total
	Percent	*Percent*	*Percent*
Salaries and wages			24.94
Equipment:			
Ownership expenses:			
Depreciation			6.95
Repair and replacement	8.75	0.44	9.19
Interest			5.94
Insurance			1.19
Taxes			1.19
Operating expense:			
Petroleum products:			
Fuel	1.85	1.12	2.97
Lubricants	1.59	.99	2.58
Coal and coke	4.99	6.21	11.20
Power			5.79
Total			47.00
Materials:			
Aggregate, quarrying	6.68	1.35	8.03
Metallic-ore mining	1.22	1.25	2.47
Explosives	1.38	.09	1.47
Containers	.87	.06	.93
Total			12.90
Other expense:			
Insurance, compensation and liability			.47
Taxes			2.00
Laboratory			3.85
Advertising and development			1.14
Margin			7.70
Total			15.16
Industry, total		11.51	100.00

TABLE III.—*Summary of salaries and wages, interest, margin for industries without reinvestment (based on $100,000,000 highway construction projects)*

Breakdown no.	Industry	Salaries and wages	Interest	Margin	Total	Value of business
1	Highway construction	$24,391,000	$1,385,400	$3,012,100	$28,788,500	$100,000,000
2	Transportation	13,489,600	1,084,200	3,745,000	18,318,800	26,061,800
3	Plant and equipment	11,169,000	1,310,600	4,555,200	17,034,800	27,707,600
4	Aggregate, quarrying	5,538,000	322,500	713,800	6,574,300	13,267,600
5	Insurance and taxes	4,486,500	1,240,900		5,727,400	9,545,700
6	Cement	3,681,000	876,800	1,136,400	5,694,200	14,759,900
7	Iron and steel	2,707,100	316,500	796,300	3,819,900	11,941,600
8	Petroleum products	1,852,200	340,500	811,800	3,004,500	6,215,000
9	Coal and coke	1,821,000	152,100	180,900	2,154,000	2,965,000
10	Power	534,900	392,300	690,800	1,618,000	2,470,900
11	Metallic-ore mining	1,030,200	90,700	323,000	1,443,900	2,872,000
12	Forestry products	1,067,300	63,700	203,900	1,334,900	2,014,200
13	Advertising and development	831,400	129,800	177,000	1,138,200	2,218,500
14	Explosives	465,600	114,400	294,600	874,600	2,265,200
15	Laboratory	567,200	70,000	170,500	807,700	1,531,900
16	Rubber	314,500	31,200	84,900	430,600	1,491,500
17	Brick	283,800	20,100	89,200	393,100	610,100
18	Agricultural products	172,600	97,300	84,600	354,500	712,200
19	Pipe	135,200	16,700	47,400	199,300	727,500
20	Nonferrous-metal refining	122,300	16,200	57,900	196,400	1,330,400
21	Container	65,600	5,700	21,100	92,400	310,800
	Total	74,726,000	8,077,600	17,196,400	100,000,000	231,019,400

TABLE IV.—*Ultimate distribution to salaries and wages of $100,000,000 highway construction expenditure*

	To salaries and wages through—				
	Direct	Investment in producer goods	Reinvestment in producer goods	Reinvestment in consumer goods	Total
Explosives		$465,600	$137,200	$19,200	$622,000
Laboratory		567,200	167,100	34,900	769,200
Rubber		314,500	92,600	43,400	450,500
Brick		283,800	83,600	32,500	399,900
Agricultural products		172,600	50,800	459,700	683,100
Pipe		135,200	39,800		175,000
Nonferrous-metal refining		122,300	36,000	12,500	170,800
Container		65,600	19,300	2,900	87,800
Retail trade				2,334,500	2,334,500
Wholesale trade				767,400	767,400
Manufacturing				1,562,400	1,562,400
Total	$24,391,000	50,335,000	14,827,600	10,446,400	100,000,000

TABLE V.—*Employment resulting from an annual highway construction expenditure of $100,000,000*

Industry	Salaries and wages	Rate per hour	Man-hours	Hours per week	Rate per week	Man-weeks	Rate per month	Man-months	Rate per year	Man-years
			Number	*Number*		*Number*		*Number*		*Number*
Direct labor	$24,391,000	$0.48	50,870,000	25.8	$12.36	1,973,900	$54	455,500	$640	37,960
Indirect labor:										
Transportation	19,060,200	.64	29,877,000	44.1	28.14	677,300	122	156,300	1,460	13,030
Plant and equipment	16,003,200	.62	25,647,000	37.0	23.07	693,700	100	160,100	1,200	13,340
Aggregate, quarrying	7,203,600	.48	14,976,000	32.7	15.73	458,000	68	105,700	820	8,810
Insurance and taxes	6,506,800	.86	7,531,000	39.3	34.00	191,400	147	44,200	1,770	3,680
Cement	4,780,000	.57	8,430,000	33.2	18.80	254,200	81	58,700	980	4,890
Iron and steel	3,699,400	.61	6,093,000	33.9	20.59	179,700	89	41,400	1,070	3,450
Petroleum products	2,550,500	.72	3,567,000	38.1	27.26	93,600	118	21,600	1,420	1,800
Coal and coke	2,554,800	.60	4,265,000	30.3	18.13	140,900	79	32,500	940	2,710
Power	821,300	.72	1,136,000	42.5	30.73	26,700	132	6,200	1,600	510
Metallic-ore mining	1,565,700	.57	2,756,000	39.5	22.42	69,800	97	16,100	1,170	1,340
Forestry products	1,591,700	.44	3,618,000	32.5	14.28	111,500	62	25,700	740	2,140
Advertising and development	1,249,200	.84	1,494,000	39.4	33.00	37,900	143	8,700	1,720	730
Explosives	622,000	.68	917,000	34.3	23.24	26,800	101	6,200	1,210	510
Laboratory	769,200	.61	1,261,000	40.7	24.83	31,000	108	7,200	1,290	600
Rubber	450,500	.73	613,000	30.2	22.15	20,300	96	4,700	1,150	390
Brick	399,900	.43	921,000	31.6	13.72	29,100	59	6,700	710	560
Agricultural products	683,100	.12	5,509,000	72.3	8.96	76,200	39	17,600	470	1,470
Pipe	175,000	.61	289,000	34.4	20.88	8,400	91	1,900	1,090	160
Nonferrous-metal refining	170,800	.53	319,000	37.1	19.94	8,600	86	2,000	1,040	170
Container	87,800	.50	176,000	34.5	17.34	5,100	75	1,200	900	100
Retail trade	2,334,500	.51	4,595,000	39.4	20.03	116,000	87	26,900	1,040	2,240
Wholesale trade	767,400	.64	1,203,000	41.3	26.38	29,100	114	6,700	1,370	560
Manufacturing	1,562,400	.55	2,841,000	35.5	19.51	80,100	84	18,500	1,010	1,540
Total or average	75,609,000	.59	128,034,000	38.0	22.46	3,366,000	97	776,800	1,170	64,730
Grand total or average	100,000,000	.56	178,904,000	33.5	18.73	5,339,900	81	1,232,300	970	102,690
Ratio, direct labor to indirect labor	1:3.10	1:1.23	1:2.52	1:1.47	1:1.82	1:1.70	1:1.82	1:1.70	1:1.82	1:1.70

TABLE VI.—*Showing computation of indirect employment resulting from $100,000,000 highway expenditures exclusive of employment furnished through reinvestment in producer goods*

Salaries and wages	$85,172,400
Producer-goods reinvestment	$14,827,600
Average cost per man-year, indirect labor, on highway construction (table 20 Highway Report)	$1,170
Approximate number employed in producer-goods reinvestment, 14,827,600÷1,170 man-years	12,670

TABLE VI.—*Showing computation of indirect employment resulting from $100,000,000 highway expenditures, etc.*—Continued

Total employed considering reemployment in producer-goods industry man-years	102,690
Total employed exclusive of producer-goods industry, 102,690−12,670 man-years	90,020
Direct employment do	37,960
Indirect employment, 90,020−37,960 do	52,060
Ratio of indirect to direct, 52,060÷37,960	1.37

TABLE VII.—*Public Works Administration, E. R. A. program, non-Federal projects—Estimated cost, allotments, and funds supplied by applicants, distribution by States, Dec. 31, 1935*

State	Estimated cost	Funds supplied by applicants	Funds allotted by Public Works Administration						
			Total		Grants only of 45 percent		Loans with grants of 45 percent		
			Number	Amount	Number	Amount	Number	Loans	Grants
Alabama	$9,541,884	$2,445,822	69	$7,096,062	41	$1,922,256	28	$2,801,000	$2,372,806
Arizona	872,006	100,605	12	771,401	3	73,108	9	379,000	319,293
Arkansas	6,776,919	180,755	78	6,596,164	5	137,330	73	3,547,250	2,911,584
California	61,686,885	18,592,883	213	43,094,002	167	15,022,611	46	15,431,000	12,640,391
Colorado	11,149,830	6,016,710	37	5,133,120	33	4,922,833	4	115,500	94,787
Connecticut	12,120,786	6,637,756	90	5,483,030	90	5,483,030			
Delaware	1,282,202	705,733	11	576,469	11	576,469			
Florida	13,472,700	4,793,081	91	8,679,619	26	1,346,825	65	4,186,200	3,146,594
Georgia	8,066,046	3,332,067	142	4,733,979	82	2,716,360	60	1,103,551	914,063
Idaho	1,578,514	485,076	28	1,093,438	8	395,771	20	386,700	310,967
Illinois	54,182,767	24,384,747	224	29,798,020	162	18,996,993	62	6,231,400	4,569,627
Indiana	15,493,278	7,690,167	146	7,803,111	125	6,062,063	21	950,709	790,339
Iowa	10,664,037	5,459,734	150	5,204,303	122	4,398,500	28	455,000	350,803
Kansas	6,968,139	3,520,074	87	3,448,065	71	2,880,594	16	312,000	255,471
Kentucky	9,250,718	2,032,181	73	7,218,537	17	1,653,521	56	3,234,000	2,331,016
Maine	1,997,918	905,736	17	1,092,182	11	740,632	6	193,000	158,550
Maryland	26,914,574	14,466,066	26	12,448,508	19	11,834,236	7	338,500	275,772
Massachusetts	28,064,416	15,264,288	158	12,800,128	158	12,800,128			
Michigan	35,526,299	6,272,831	102	29,253,468	43	2,376,449	59	14,696,500	12,180,519
Minnesota	12,070,896	5,504,711	121	6,566,185	103	4,343,708	18	1,345,514	876,963
Mississippi	4,611,102	333,269	71	4,277,833	11	241,875	60	2,206,150	1,829,808
Missouri	14,217,218	7,003,764	98	7,213,454	66	5,509,289	32	926,000	778,165
Montana	3,239,867	486,988	15	2,752,879	7	403,789	8	1,292,000	1,057,090
Nebraska	14,849,599	2,137,519	104	12,712,080	61	1,703,547	43	6,048,350	4,960,183
Nevada	1,589,907	398,950	14	1,190,957	4	138,232	10	544,500	508,225
New Hampshire	2,013,388	1,028,561	24	984,827	19	839,466	5	75,000	70,361
New Jersey	29,734,954	3,072,278	71	26,662,676	23	2,377,617	48	13,410,000	10,875,059
New Mexico	2,449,492	249,949	23	2,199,543	8	353,980	15	1,016,500	829,063
New York	114,037,174	37,292,527	214	76,744,647	138	31,383,812	76	24,863,000	20,497,835
North Carolina	8,299,058	1,880,961	58	6,418,097	22	1,495,053	36	2,669,300	2,253,744
North Dakota	3,347,609	1,146,664	54	2,200,945	19	908,696	35	695,944	596,305
Ohio	30,056,893	12,784,931	244	17,271,962	154	10,312,727	90	3,770,300	3,188,935
Oklahoma	9,322,129	3,437,578	50	5,884,551	35	2,830,437	15	1,679,725	1,374,389
Oregon	9,952,107	3,900,292	96	6,051,815	39	3,150,769	57	1,584,750	1,316,296
Pennsylvania	43,064,341	17,277,283	284	25,787,058	141	13,447,505	143	6,809,500	5,530,053
Rhode Island	8,913,756	4,902,456	11	4,011,300	11	4,011,300			
South Carolina	7,711,064	1,625,458	75	6,085,606	26	1,163,683	49	2,669,000	2,252,923
South Dakota	2,170,215	396,794	40	1,773,421	12	352,153	28	781,600	639,668
Tennessee	10,383,264	3,117,489	80	7,265,775	39	2,475,374	41	2,644,850	2,145,551
Texas	55,665,811	18,392,305	274	37,273,506	128	10,815,889	146	16,613,250	9,844,367
Utah	2,188,605	936,982	34	1,251,623	18	769,300	16	265,600	216,723
Vermont	898,834	320,666	12	578,168	6	260,898	6	174,500	142,770
Virginia	9,117,529	2,837,987	70	6,279,542	49	2,295,773	21	2,187,000	1,796,769
Washington	11,279,341	6,116,373	110	5,168,968	101	4,227,677	9	516,000	425,291
West Virginia	4,754,304	605,225	52	4,149,079	9	440,794	43	2,019,885	1,688,400
Wisconsin	12,202,233	6,099,015	78	6,103,218	72	4,983,218	6	616,000	504,000
Wyoming	2,477,141	650,179	13	1,826,962	4	531,964	9	712,250	582,748
District of Columbia	296,500	108,000	2	188,500	1	88,500	1	70,000	30,000
Alaska	316,927	36,685	6	280,242	1	27,000	5	139,500	113,742
Hawaii	1,574,596	516,031	4	1,058,565	3	410,747	1	350,000	297,818
Virgin Islands	131,939	20,000	2	111,939	2	111,939			
Total	748,547,711	267,898,182	4,158	480,649,529	2,526	206,746,420	1,632	153,057,278	120,845,831

TABLE VIII.—*Public Works Administration, N. I. R. A., and E. R. A. 1935 programs—Non-Federal projects classified by type—Estimated cost, allotments, and funds supplied by States, Dec. 31, 1935*

Type of project	Total				N. I. R. A. program				E. R. A. 1935 program			
	Number of projects	Estimated cost	Funds supplied by applicant	Allotment	Number of projects	Estimated cost	Funds supplied by applicant	Allotment	Number of projects	Estimated cost	Funds supplied by applicant	Allotment
Grand total, all types	8,143	$2,043,087,164	$619,935,940	$1,423,151,224	3,985	$1,294,539,453	$352,037,758	$942,501,695	4,158	$748,547,711	$267,898,182	$480,649,529
Streets and highways	738	147,675,505	80,649,499	67,026,006	507	109,014,952	61,626,360	47,388,592	231	38,660,553	19,023,139	19,637,414
Roads and highways	350	91,867,723	49,396,235	42,471,488	262	70,413,453	38,958,134	31,455,319	88	21,454,270	10,438,101	11,016,169
Streets	343	46,287,291	26,012,553	20,274,738	211	30,493,723	17,911,509	12,582,214	132	15,793,568	8,101,044	7,692,524
Grade-crossing elimination	13	6,253,492	4,595,636	1,657,856	12	5,858,035	4,378,135	1,479,900	1	395,457	217,501	177,956
Miscellaneous	32	3,266,999	645,075	2,621,924	22	2,249,741	378,582	1,871,159	10	1,017,258	266,493	750,765
Utilities	2,798	595,163,386	166,952,786	428,210,600	1,690	368,359,893	94,906,810	273,453,083	1,108	226,803,493	72,045,976	154,757,517
Sewer systems	915	328,746,612	92,805,035	235,941,577	544	204,715,773	53,633,596	151,082,177	371	124,030,839	39,171,439	84,859,400
Sewage disposal plants	476	241,409,966	64,047,409	177,362,557	282	157,660,638	34,360,333	123,300,305	194	83,749,328	29,687,076	54,062,252
Sanitary sewers	288	42,898,247	15,129,357	27,768,890	153	20,890,074	6,710,814	14,179,260	135	22,008,173	8,418,543	13,589,630
Storm sewers	80	13,706,398	6,872,924	6,833,474	55	11,669,087	5,908,488	5,760,599	25	2,037,311	964,436	1,072,875
Combined sewers	71	30,732,001	6,755,345	23,976,656	54	14,495,974	6,653,961	7,842,013	17	16,236,027	101,384	16,134,643
Sewer and water	109	10,781,199	1,662,690	9,118,509	68	6,303,919	676,601	5,627,318	41	4,477,280	986,089	3,491,191
Water systems	1,512	186,137,743	56,227,428	129,910,315	943	115,593,574	32,773,113	82,820,461	569	70,544,169	23,454,315	47,089,854
Water mains	183	25,720,594	11,757,339	13,963,255	131	20,000,004	9,325,896	10,674,108	52	5,720,590	2,431,443	3,289,147
Filtration plants	56	10,006,235	3,211,613	6,794,622	32	7,594,076	2,509,116	5,084,960	24	2,412,159	702,497	1,709,662
Reservoirs	119	31,475,868	8,610,009	22,865,859	76	12,390,045	3,516,295	8,873,750	43	19,085,823	5,093,714	13,992,109
Complete waterworks	1,154	118,935,046	32,648,467	86,286,579	704	75,609,449	17,421,806	58,187,643	450	43,325,597	15,226,661	28,098,936
Garbage and rubbish disposal	25	8,442,035	1,461,197	6,980,838	12	5,731,035	963,305	4,762,730	13	2,711,000	492,892	2,218,108
Gas plants	23	1,577,662	293,090	1,284,572	12	921,500	100,600	820,900	11	656,162	192,490	463,672
Electric power excluding water power	146	40,209,475	8,976,148	31,233,327	85	25,367,277	5,266,536	20,100,741	61	14,842,198	3,709,612	11,132,586
Electric distribution systems	25	8,048,828	1,210,903	6,837,925	13	4,671,098	695,198	3,975,900	12	3,377,730	515,705	2,862,025
Power construction	121	32,160,647	7,765,245	24,395,402	72	20,696,179	4,571,338	16,124,841	49	11,464,468	3,193,907	8,270,561
Miscellaneous	68	19,268,660	5,527,198	13,741,462	26	9,726,815	1,488,059	8,238,756	42	9,541,845	4,039,139	5,502,706

TABLE VIII.—*Public Works Administration, N. I. R. A., and E. R. A. 1935 programs—Non-Federal projects classified by type—Estimated cost, allotments, and funds supplied by applicants, Dec. 31, 1935*—Continued

Type of project	Total				N. I. R. A. program				E. R. A. 1935 program			
	Number of projects	Estimated cost	Funds supplied by applicant	Allotment	Number of projects	Estimated cost	Funds supplied by applicant	Allotment	Number of projects	Estimated cost	Funds supplied by applicant	Allotment
Buildings	4,073	$727,771,977	$279,513,584	$448,258,393	1,469	$339,841,714	$141,128,821	$198,712,893	2,604	$387,930,263	$138,384,763	$249,545,500
Educational buildings	3,124	473,834,173	168,317,491	305,516,682	971	187,394,649	71,333,065	116,061,584	2,153	286,439,524	96,984,426	189,455,098
Secondary schools	2,850	407,449,198	151,137,525	256,311,673	835	155,768,946	63,157,138	92,611,808	2,015	251,680,252	87,980,387	163,699,865
Colleges and universities	216	56,583,067	11,843,069	44,739,998	115	28,310,619	6,005,943	22,304,676	101	28,272,448	5,837,126	22,435,322
Other educational institutions and public libraries	58	9,801,908	5,336,897	4,465,011	21	3,315,084	2,169,984	1,145,100	37	6,486,824	3,166,913	3,319,911
Municipal auditoriums and armories	51	19,281,971	12,624,837	6,657,134	29	14,232,479	10,555,829	3,676,650	22	5,049,492	2,069,008	2,980,484
Courthouses and city halls	242	41,585,150	18,751,096	22,834,054	131	19,512,106	8,291,740	11,220,366	111	22,073,044	10,459,356	11,613,688
Hospital and institutions	378	122,303,213	47,985,553	74,317,660	199	67,194,811	27,582,017	39,612,794	179	55,108,402	20,403,536	34,704,866
Penal institutions	86	15,422,148	7,601,170	7,820,978	65	12,692,329	6,240,929	6,451,400	21	2,729,819	1,360,241	1,369,578
Social, recreational buildings	27	3,569,654	1,104,777	2,464,877	11	1,559,688	854,294	705,394	16	2,009,966	250,483	1,759,483
Residential	17	1,309,338	378,348	930,990	13	779,698	86,973	692,725	4	529,640	291,375	238,265
Office and administrative	28	4,660,385	1,743,509	2,916,876	5	1,178,065	143,965	1,034,100	23	3,482,320	1,599,544	1,882,776
Warehouses, laboratories, shops, etc	29	4,553,832	1,668,255	2,885,577	12	2,537,799	697,599	1,840,200	17	2,016,033	970,656	1,045,377
Housing projects	7	12,846,388	1,874,788	10,971,600	7	12,846,388	1,874,788	10,971,600				
Miscellaneous	84	28,405,725	17,463,760	10,941,965	26	19,913,702	13,467,622	6,446,080	58	8,492,023	3,996,138	4,495,885
Flood control, water power, reclamation	81	74,866,342	11,784,059	63,082,283	47	48,663,261	5,445,037	43,218,224	34	26,203,081	6,339,022	19,864,059
Dams and canals	31	23,865,947	4,099,521	19,766,426	23	22,247,432	3,708,732	18,538,700	8	1,618,515	390,789	1,227,726
Channel rectification, levees, etc	7	1,993,507	438,383	1,555,124	7	1,993,507	438,383	1,555,124				
Storage reservoirs	4	614,727		614,727	2	122,000		122,000	2	492,727		492,727
Water-power development	9	43,939,200	6,170,200	37,769,000	7	23,439,200	1,170,200	22,269,000	2	20,500,000	5,000,000	15,500,000
Miscellaneous	30	4,452,961	1,075,955	3,377,006	8	861,122	127,722	733,400	22	3,591,839	948,233	2,643,606
Water navigation aids	17	6,962,257	2,031,625	4,930,632	12	6,131,170	1,626,900	4,504,270	5	831,087	404,725	426,362
Dams and canals	3	569,624	291,682	277,942	2	522,400	265,730	256,670	1	47,224	25,952	21,272
Channel rectification, levees, etc	6	4,921,238	1,124,666	3,796,572	4	4,578,966	972,666	3,606,300	2	342,272	152,000	190,272
Other navigation aids	8	1,471,395	615,277	856,118	6	1,029,804	388,504	641,300	2	441,591	226,773	214,818
Engineering structures	225	229,067,965	53,449,096	175,618,869	139	199,133,702	40,833,801	158,299,901	86	29,934,263	12,615,295	17,318,968
Bridges and viaducts	173	128,679,458	27,258,340	101,421,118	115	108,719,353	16,518,552	92,200,801	58	19,960,105	10,739,788	9,220,317
Wharves, piers, docks	32	19,590,040	6,438,479	13,151,561	15	11,210,534	5,419,634	5,790,900	17	8,379,506	1,018,845	7,360,661
Subways and tunnels	3	74,749,000	16,258,000	58,491,000	3	74,749,000	16,258,000	58,491,000				
Other	17	6,049,467	3,494,277	2,555,190	6	4,454,815	2,637,615	1,817,200	11	1,594,652	856,662	737,990
Aviation: Improvement to landing fields	9	1,283,180	800,680	482,500	8	1,157,180	800,680	356,500	1	126,000		126,000
Recreational	55	14,204,942	3,155,326	11,049,616	35	10,191,294	1,850,394	8,340,900	20	4,013,648	1,304,932	2,708,716
Miscellaneous	115	45,465,104	21,599,285	23,865,819	46	11,419,781	3,818,955	7,600,826	69	34,045,323	17,780,330	16,264,993
Railroads	32	200,626,506		200,626,506	32	200,626,506		200,626,506				

TABLE IX.—*Ultimate distribution to labor of $748,548,000 Public Works Administration program*

Item	Direct labor on construction site	Indirect labor for producer goods	Producer goods reinvestment	Consumer goods reinvestment	Total
Percent distribution	32.60	42.13	14.83	10.44	100.00
Amount	$244,026,648	$315,363,352	$111,009,000	$78,149,000	$748,548,000

DISTRIBUTION OF $748,548,000 P. W. A. PROGRAM TO LABOR EXCLUSIVE OF REINVESTMENT IN PRODUCER GOODS

Item	Direct labor	Indirect exclusive of producer goods reinvestment	Total to labor
	$244,026,648	$393,512,352	$637,539,000
Percent of total cost of construction	32.60	52.57	82.80
Wage ratio	1.00	1.44	
Man-years	208,570	339,527	548,097
Wage per year	$1,170	$1,159	
Rate per hour	$0.75	$0.60	
Hours per year	1,560	1,932	
Hours per month	130	161	
Hours per week	30	37.2	
Ratio of man-years	1	1.62	

TABLE X.—*Public Works Administration summary of schedules B and B–1 through Jan. 31, 1936*

State	Number of projects	Amount requested			Estimated cost
		Loan	Grant	Total	
Alabama	166	$34,930,901	$16,843,001	$51,773,902	$57,481,910
Arizona	51	359,553,323	9,198,978	368,752,301	370,442,239
Arkansas	119	5,630,048	4,937,148	10,567,196	10,737,044
California	142	33,502,449	55,951,447	79,453,896	117,477,315
Colorado	97	17,319,016	14,521,164	31,840,180	32,524,902
Connecticut	90	1,626,287	25,279,786	26,906,073	54,084,308
Delaware	5	17,000	354,890	371,890	788,657
Florida	192	58,538,018	39,621,834	98,159,852	100,739,551
Georgia	84	1,001,340	3,273,908	4,275,248	7,476,213
Idaho	123	3,639,265	4,297,005	7,936,270	9,963,086
Illinois	303	20,552,760	28,179,869	48,742,629	71,654,054
Indiana	154	17,259,691	20,988,727	38,248,418	46,673,368
Iowa	158	2,107,789	7,837,086	9,944,875	17,301,646
Kansas	179	2,473,078	8,314,385	10,787,463	18,449,610
Kentucky	163	7,388,467	6,617,045	14,005,512	14,764,775
Louisiana	20	1,101,878	2,068,308	3,170,186	4,598,471
Maine	20	510,726	1,128,870	1,639,596	2,509,057
Maryland	25	1,189,534	912,305	2,101,839	2,822,974
Massachusetts	192	372,240	19,778,302	20,150,542	44,589,882
Michigan	230	91,760,903	73,876,272	165,637,175	175,660,477
Minnesota	128	7,749,861	14,308,887	22,058,748	32,504,883
Mississippi	117	22,300,693	18,395,296	40,695,989	41,019,786
Missouri	151	10,985,333	39,755,308	50,740,641	70,032,165
Montana	121	11,042,994	10,027,620	21,070,614	21,824,214
Nebraska	76	5,872,499	7,931,845	13,804,344	17,340,497

TABLE X.—*Public Works Administration summary of schedules B and B–1 through Jan. 31, 1936*—Continued

State	Number of projects	Amount requested			Estimated cost
		Loan	Grant	Total	
Nevada	24	$1,287,674	$1,009,277	$2,296,951	$2,385,137
New Hampshire	19	8,311,817	7,562,413	15,874,230	16,806,646
New Jersey	157	13,150,602	19,911,878	33,062,480	43,488,239
New Mexico	44	5,936,327	5,018,105	10,954,432	11,129,116
New York	203	7,187,309	36,178,135	43,365,444	80,516,679
North Carolina	195	14,154,939	13,334,700	27,489,639	29,555,733
North Dakota	71	5,341,922	4,612,607	9,954,529	10,383,441
Ohio	199	28,075,412	32,333,523	60,408,935	74,386,767
Oklahoma	142	19,060,379	16,845,988	35,906,367	37,395,719
Oregon	17	4,934,861	4,282,386	9,217,247	9,507,246
Pennsylvania	121	10,775,461	16,754,270	27,529,731	45,091,583
Rhode Island	61	3,531,110	4,797,089	8,328,199	10,660,199
South Carolina	121	14,928,491	13,579,137	28,507,628	30,101,202
South Dakota	114	37,294,824	31,039,452	68,334,276	69,036,436
Tennessee	110	16,008,043	15,472,230	31,480,273	34,631,877
Texas	644	61,907,659	85,962,201	147,869,860	193,005,252
Utah	64	5,047,029	4,665,588	9,712,617	10,557,187
Vermont	3	29,000	355,336	384,336	789,636
Virginia	100	6,803,001	6,186,147	12,989,148	17,392,906
Washington	153	4,021,561	7,855,874	11,877,435	19,861,968
West Virginia	26	2,083,466	1,760,662	3,844,128	3,919,128
Wisconsin	313	5,964,062	54,518,493	60,482,555	122,752,897
Wyoming	35	1,879,973	1,652,398	3,532,371	3,663,994
District of Columbia	3	2,975,000	1,275,000	4,250,000	4,250,000
Alaska	7	140,157	183,425	323,582	406,438
Puerto Rico	78	7,417,408	5,912,565	13,329,973	14,295,428
Total	6,130	1,006,683,580	817,458,165	1,824,141,745	2,239,731,938

(Mr. BEITER, by unanimous consent, was given leave to revise and extend his remarks, and include therein certain tables.)

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia [Mr. BLAND] to the committee amendment.

The question was taken; and the amendment to the committee amendment was rejected.

The CHAIRMAN. The question now is on the committee amendment.

The question was taken; and the committee amendment was agreed to.

Mr. HOLMES. Mr. Chairman, I offer a substitute for the bill.

The Clerk read as follows:

After the enacting clause, strike out all that follows and in lieu thereof insert the following: "That paragraph (1) of section 4 of the Interstate Commerce Act, as amended, is amended to read as follows:

"'(1) It shall be unlawful for any common carrier subject to the provisions of this part to charge or receive any greater compensation in the aggregate for the transportation of passengers, or of like kind of property, for a shorter than for a longer distance over the same line or route in the same direction, the shorter being included within the longer distance, or to charge any greater compensation as a through rate than the aggregate of the intermediate rates subject to the provisions of this part; but this shall not be construed as authorizing any common carrier within the terms of this part to charge or receive as great compensation for a shorter as for a longer distance: *Provided*, That upon application to the Commission such common carrier may in special cases, after investigation, be authorized by the Commission to charge less for longer than for shorter distances for the transportation of passengers or property; and the Commission may, from time to time, prescribe the extent to which such designated common carrier may be relieved from the operation of this section.'"

Mr. HOLMES. Mr. Chairman, the substitute which I have offered in this case is known as the Rayburn amendment to section 4.

Mr. RAYBURN. Mr. Chairman, will the gentleman yield?

Mr. HOLMES. Yes.

Mr. RAYBURN. There has been so much talk about the Holmes amendment being the Rayburn bill that I think I ought to make a statement of a few moments in reference to it, if the gentleman will yield. As chairman of the committee, I introduce suggestions of the Interstate Commerce Commission. They send up their recommendations and bills, and many of them I introduced without ever seeing them. This one I did see, but, as far as its being a Rayburn bill, that is a misnomer. It is a suggestion of the Interstate Commerce Commission of a year ago. I might say to the gentleman that the Interstate Commerce Commission at this time has another suggestion, and they would not, as I understand it, recommend this bill the gentleman offers as an amendment at this time as their sole suggestion with reference to the rearrangement of paragraph 1 of section 4 of the Interstate Commerce Act.

Mr. COLE of Maryland. Mr. Chairman, will the gentleman yield?

Mr. HOLMES. Yes.

Mr. COLE of Maryland. Just to ask the chairman of the committee a question. Do I understand from the chairman, in view of the statement he just made, that while the so-called Holmes amendment does not reflect the views of the Interstate Commerce Commission, that they have changed from the time of the introduction of the so-called Rayburn bill, the Commission does have definite ideas of how section 4 should be amended, and it is not in favor of the so-called Pettengill bill?

Mr. RAYBURN. That is correct.

Mr. HOLMES. Mr. Chairman, I did not in any way want to infer to the House that I was introducing this measure at the instigation of the chairman. I am doing it believing myself, after many weeks attending the hearings of the subcommittee, that that is about as far as we should go in amending section 4. On the floor a short time ago I told the reason I believed we should not wipe out section 4 in its entirety, but eliminating the controversial provisions in section 4 as they are at the present time, namely, reasonably compensatory, equidistant, and potential water competition, I believe it will give the necessary flexibility to the act so that the Interstate Commerce Commission can extend greater relief to the railroads under section 4. I believe we can go too far in this sort of legislation, and I assure the members of the committee that it does not affect my district. But there has been built around section 4 a tremendous volume of decisions by various courts and the Supreme Court which are more or less the basis of regulating and building up the railroad industry of the United States.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. RAYBURN. Mr. Chairman, I ask unanimous consent that the time of the gentleman be extended 5 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. HOLMES. Mr. Chairman, I further believe—and I think it was so stated during the hearings on the Pettengill bill—that it is more or less the general opinion on the part of the railroad managements that under the present section 4, provided the Interstate Commerce Commission wants to extend relief, there is flexibility enough as it stands today to render such relief. But to make it sure and make it more flexible, if you take out of the present act paragraphs A, B, and C, there is no question at all but that there is ample flexibility for the Interstate Commerce Commission to extend this relief. In the present bill the railroads must file their rates with the Commission. That affords the shipping interests of the country and the various States that are interested in rates an opportunity to find out what those rates are, and it is up to the railroads to produce the evidence which warrants the relief they may ask. Under the Pettengill bill the railroads can put their rates into effect and merely file them with the Commission, thus putting them in force and placing the burden on the little shipper in the United States to file the complaint with the Commission. I say that it is wrong to place this burden on the shipping interests of the United States. I am just as keen for relief of the railroads as anyone. I realize their importance to the industries of the United States, and I am willing to go as far as anybody to assist them, but I do not believe we should go so far that eventually we will do more harm than good. I believe that will be the ultimate result of passing the Pettengill bill in its present form.

Mr. MARTIN of Colorado. Mr. Chairman, will the gentleman yield?

Mr. HOLMES. Yes.

Mr. MARTIN of Colorado. Did I understand the gentleman to say that the railroads do not have to file their proposed new rates with the Interstate Commerce Commission?

Mr. HOLMES. Oh, no; I did not say that. They have to file the rates.

Mr. MARTIN of Colorado. And then there are 30 days in which either the Commission or the shipper can file objection, and if objection is made there must be a hearing held, and that hearing, with the burden on the railroads, must be determined within 6 months.

Mr. HOLMES. But it places the responsibility on the shipper to file a complaint.

Mr. MARTIN of Colorado. He simply files objection to the rate and that suspends the rate.

Mr. HOLMES. How is it possible for any little shipper in some remote part of the United States entirely away from all centers of activity to find out what rates any railroad company may file with the Commission?

Mr. MARTIN of Colorado. I would like to answer that by saying the shipping interests are organized and all have representatives here in Washington.

Mr. HOLMES. I appreciate that is correct to some extent.

The CHAIRMAN. The time of the gentleman from Massachusetts has again expired.

Mr. MARTIN of Colorado. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Massachusetts [Mr. HOLMES]. I rise particularly for the purpose of making perfectly clear, if I can, the effect of the amendment offered by the gentleman from Massachusetts. The gentleman's amendment simply restores section 4, insofar as the long- and short-haul clause is concerned, to exactly what it was in 1910. The present long- and short-haul clause was enacted in 1910. In fact, it was enacted in 1887, but as it was originally enacted, it carried the phrase "under substantially similar circumstances and conditions." Those words were stricken out of the long- and short-haul clause in 1910. Otherwise it reads today just exactly as it read in 1887 when it was first enacted. The effect of the gentleman's amendment will be to simply preserve the long- and short-haul clause in effect just as it has been since 1910; and, therefore, utterly nullifies the entire objective of the Pettengill bill.

Mr. PETTENGILL. It is since 1910 that all of this competition has arisen.

Mr. MARTIN of Colorado. All this competition has arisen since 1910, and I may say since 1920. Now, bear in mind the long- and short-haul clause now and in 1920, reads exactly as it did in 1910 when it was enacted in its present form, but Congress tightened it up in 1920 by the introduction of three additional restrictions. The first of those was what was called the reasonably compensatory clause. What that is has not yet been determined after 15 years. Coordinator Eastman says it is still a matter of controversy what "reasonably compensatory" means. It seems to me if the Interstate Commerce Commission cannot determine what that clause is after 15 years it ought to go out.

The second restriction was what was called the equidistant rule. I shall not try to explain that to you. The only man who can explain the equidistant clause is Professor Einstein, and he is not here. It is admitted by all concerned that it ought to go into the wastebasket. Nobody can apply it satisfactorily, so, by common consent, it can go out.

The third restriction imposed in 1920 was denial of fourth-section relief to the railroads against potential water competition. That is, if water competition was going to be put in some place, the railroads could not get fourth-section relief just on account of that potential competition. The way it works out in actual practice is this: Before the water competition goes in, it is too early to apply for relief, and after it goes in it is too late. [Applause.]

Mr. HOLMES. Mr. Chairman, will the gentleman yield?

Mr. MARTIN of Colorado. Yes; I yield.

Mr. HOLMES. I want to say that my colleague has stated the reasons why I want to eliminate those three features far better than I could have explained it. I appreciate his support. [Laughter.]

Mr. MARTIN of Colorado. Those three restrictions are minor. They are not material. It would not afford any practical relief whatever, except the red tape it causes, to strike them from the bill. The heart of this relief is in the long- and short-haul clause, which has built up, as the gentleman says, not only a great many volumes of precedents but a great many volumes of red tape, which has crystallized the fourth section until it has occasioned such delay and expense to both carriers and shippers that it is not surprising that organizations of shippers are here from all over the country, from Boston, Philadelphia, Jacksonville, San Francisco, and other water ports, as well as from inland country, asking the Congress to free the railroads at this time from this choking restriction. It is outgrown and obsolete. [Applause.]

The CHAIRMAN. The time of the gentleman from Colorado has expired.

Mr. KNUTSON. In listening to these amendments being read, I am impressed with the fact that they are not being offered for the purpose of improving the bill. The Committee on Interstate and Foreign Commerce held hearings on this measure for over 2 weeks, during the entire day and sometimes far into the night. This legislation has been very carefully considered and I think it is of too great importance to take snap judgment on amendments that are offered on the floor at this time. I want to assure the Members of the House that this measure is of the greatest importance to our section of the country, and I am speaking of the interior United States. Let us vote down all amendments that are not approved by the committee.

Mr. MARTIN of Colorado. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. I yield.

Mr. MARTIN of Colorado. I want to say to the gentleman that I have just been advised by one of our colleagues that some of the Members think an objection filed against a proposed rate under this bill does not have the effect of suspending the rate, but that the rate will go into effect; whereas the fact is, an objection suspends the rate until there have been hearings in the usual way before the Commission.

Mr. KNUTSON. That is my understanding of it.

Mr. MARTIN of Colorado. And a decision rendered within 7 months instead of 2 or 5 or 6 years.

Mr. KNUTSON. Yes.

Mr. CHAPMAN. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. I yield.

Mr. CHAPMAN. I would like to ask the gentleman from Colorado if it is not true, notwithstanding that fact, that under the present law, if a railroad desires to establish a new rate, it is required to file its application for that rate, the entire burden being on the carrier; but under the proposed amendment, if this bill should become a law, it would mean that the railroad could set up that rate and unless an individual shipper down in the interior agricultural section of the country went to the expense of employing counsel and filing formal protest against that rate, the rate would go into effect?

The burden of protesting, therefore, actually falls on the shipper and not on the carrier.

Mr. MARTIN of Colorado. I would rather not answer the gentleman; I would rather have the author of the bill answer him if he wants to.

Mr. CHAPMAN. The burden is on the shipper.

Mr. MARTIN of Colorado. The burden is on the railroads under the amendment; it so reads plainly.

FOURTH-SECTION AMENDMENT (H. R. 3263)

Mr. KNUTSON. Mr. Chairman, this bill proposes to amend section 4 of the Interstate Commerce Act in that it removes from this section what is known as the long- and short-haul clause. That clause, which appears in paragraph (1) of section 4, declares that it is unlawful to charge a higher rate for carrying persons or property for a shorter than for a longer distance over the same line or route in the same direction, the shorter being included in the longer distance.

The foundation of regulation for transportation is rates.

Section 1 of the Interstate Commerce Act states that rates charged by rail carriers must be just and reasonable, and all unjust and unreasonable rates are unlawful.

Section 2 declares that any "special rate, rebate, drawback, or other device" to any person or persons not charged to all others for the same service is unlawful.

Section 3 renders unlawful the giving of any undue or unreasonable preference or charge to any person or company or locality or traffic and prohibits the subjecting of any person or company or locality or traffic to undue or unreasonable prejudice or disadvantage in any respect whatsoever. This is a most comprehensive provision and covers every phase of the subject.

The Interstate Commerce Act was passed by Congress when railroads were considered to be and were, in fact, the dominant transportation agency in the country. Congress placed upon them the burden of proof to justify every rate and every rate change to which any shipper might object. In 1920 Congress went further and gave the Commission power and authority to determine both maximum and minimum rates to be charged for services rendered. Thus, while railroads may initiate rates and changes in rates, the Commission will determine the rate itself upon complaint by any shipper.

Section 4, containing the long- and short-haul principle, grew out of a controversy between waterway interests and rail interests at the time of the original act back in 1887. At that time railroads had taken most of the traffic from the waterways. The Commission was given authority only to declare maximum rates unjust and unreasonable. There were few waterway improvements and very little water-borne traffic. There was no Panama Canal, no Government barge line, no lavish and wasteful expenditures on rivers, as on the upper Mississippi today. There was no motor vehicle or system of improved roads.

Congress changed this fourth section from time to time, in 1910 and 1920, tightening up the restrictions on the rail carriers. It has become a strait jacket on the railroads in their competition with waterway and highway carriers. A representative of the water lines, in the hearing before the House committee, admitted that under the fourth section water carriers had a monopoly on intercoastal traffic.

The result of this water-line monopoly on intercoastal traffic has been to cut off the great Middle West, dependent upon rail transportation, from the Pacific coast markets. Industries have moved to the Atlantic coast in order to be able to take advantage of this unhandicapped water transportation. The traffic director of the Minneapolis Chamber of Commerce, commenting on the long- and short-haul clause and its effects, has said:

> And what has happened in our territory here in the Mississippi Valley? Here at Minneapolis and at St. Paul industries that formerly shipped to Pacific coast territory in train loads have been denied access to that territory because the carriers could not meet the competition of the water rates from the Atlantic to the Pacific without reducing all the rates to the intermediate territory. * * * Today it is necessary to haul thousands of empty cars westward over the mountains to handle the business that moves east-bound from the Pacific coast.
>
> Give the railroads a chance to handle this west-bound traffic, give the Mississippi Valley cities a chance to reengage in manufacturing and distribution in their natural trade territory on the Pacific coast in competition with the Atlantic coast, and we will all profit by it.

Now, what is the proposal in this amendment? Is the public interest fully protected? The proposal is to leave untouched sections 1, 2, and 3 of the Interstate Commerce Act. It proposes that all rates, including those which involve length of haul, shall be brought to the test of reasonableness set up in those first three sections and these rates which involve length of haul shall be regulated in precisely the same way as every other rate.

It is to be noted that paragraph (2) of this fourth section remains unchanged. It says that whenever a rate has been lowered at a competitive point on account of water competition, such rate shall not again be raised except for some reason other than the elimination of such water competition.

I believe that the public interest is fully protected with the elimination of this long- and short-haul clause. Rates will still be determined in the public interest; competition will be more nearly equal. Rates under section 4 are rates to competitive points, and a competitive point is one where alternative routes are open. There are, therefore, always two simple principles to keep in mind:

(a) The Commission determines minimum rates, so that railroads cannot put in cutthroat rates to destroy a competitor.

(b) There is always an alternative agency for the shipper to use, an alternative agency that is not merely potential in character but is active, alive, competitive.

This amendment will make competition more nearly equal and fair. We must recognize that within the past 15 years new, great transport agencies have developed by water and by highway. We have left them free to compete for traffic while we have kept the railroads shackled as if they had not developed. While protecting the public interest in every way, we ought to make the conditions of competition fair.

This amendment only proposes to let rail carriers have a fair opportunity to compete for traffic. The railroads are an agency in which volume of traffic is of great importance, for the reason that their fixed costs are large. Their roadway is there and must be maintained; their equipment is there and must be maintained; the employees who operate them are there and must be paid wages. Unless there is volume of traffic, there are either losses or higher rates will have to be charged on what traffic remains.

This amendment will permit the railroads to use their equipment to better advantage. They can use their roadway to a greater extent. They can employ more men to repair track and equipment and to operate trains. They can make greater purchases of materials and supplies. The people in the inland empire have been mistaken. They have thought that they would get an advantage by a strict fourth-section clause. They have not profited. Spokane has not grown as have Seattle and Portland and San Francisco and Los Angeles. But the people in the inland empire have found out that trains that formerly went through there carrying freight to the Pacific coast have been abandoned. Railroad employees located in that region have been thrown out of jobs. But if the railroads are able to recover some of the traffic which they formerly had, more trains will be operated, more people will be employed. The Middle West and the inland empire will both profit.

Under this amendment every rate must still be just and reasonable. It will be tested by all the principles developed under sections 1, 2, and 3. This amendment proposes only to let the railroads, if they can gain the approval of the Interstate Commerce Commission, lower rates to competitive points so as to increase their volume of traffic, and secure some additional revenue to meet overhead costs.

Who are supporting this amendment? The railroads, all of them, are urging it upon our attention. Their employees, a million strong, are supporting it. The National Industrial Traffic League, representing hundreds of thousands of shippers throughout the country is supporting it. The sugar-beet industry of the Middle West and the West indorse it. The growers of perishable products, many manufacturing industries and the mining industry support it.

Who are opposing it? The opponents are the coastwise and intercoastal water carriers and the inland waterway lines. There are certain commercial organizations that have allied themselves with these water carriers, and there is the seamen's union.

I have undertaken to examine the arguments for and against as presented by these two groups, and I shall undertake briefly to discuss them.

(a) Advocates of this amendment say that, with the fourth section as it now is, competition is unfair to railroads; the opponents say that to give the railroads relief will result in the destruction of the waterways.

Now, I have shown that under sections 1, 2, and 3 all rates must still be just and reasonable. Section 3 is even more comprehensive than is section 4 with respect to just and reasonable rates. The Commission has the power to determine minimum rates, and the burden of proof to show that rates

are just and reasonable rests upon the railroads. Therefore the Commission cannot allow under these sections a railroad to put in cutthroat rates for destructive purposes.

Now, in making rates there is a zone of reasonableness. The upper limit of that zone is fixed at a point where the rate becomes so high traffic will not move. The lower limit is fixed by the out-of-pocket cost in handling traffic. Between these two limits a just and reasonable rate is a matter of informed judgment in the light of existing conditions. It is the zone of competition. As a rate approaches the lower limit it becomes a depressed or a competitive rate. If all traffic were carried at a deeply depressed rate, a railroad would get into financial difficulty, for it could not fully meet all of its overhead costs. On the other hand, until the rate does reach that lower limit of out-of-pocket costs traffic will pay something toward overhead costs. The railroad can afford to take it rather than to lose it altogether. But to get such traffic it cannot afford to reduce correspondingly all of its rates to intermediate points. This would bring the whole class of rates into the depressed-rate zone.

Here is the whole essence of this fourth-section argument. This amendment proposes to let the railroads, if they can gain the approval of the Interstate Commerce Commission, lower rates to competitive points into the depressed-rate area in order to share the traffic, increase their volume, and secure additional revenue to meet overhead costs.

(b) The proponents say that a fair opportunity to share in traffic to competitive points will increase their volume of traffic, employ their facilities and their men to a fuller extent, enable them to buy more materials and supplies, keep up their maintenance, and pay their taxes; the opponents claim that any restoration of traffic from waterways to rail carriers will impair investment in harbor facilities and increase the taxpayers' burden.

If there is to be impairment of investment, and there need not be, an impaired railroad investment would be far more disastrous to the people of the country than any other. There are $6,600,000,000 of railroad bonds in the hands of savings banks, insurance companies, and other institutions. The total investment in railroad property throughout the country is over twenty-six billions. There is an investment of five and one-half billions in seven large transcontinental railroads, as compared with $85,000,000 in intercoastal ship lines. The railroads are paying about 8 percent of their gross revenue in taxes, which are distributed throughout the entire country and support our schools and local governments. These intercoastal carriers, as their record shows, are paying five one-hundredths of 1 percent of their gross revenue in taxes. That is 50 cents per $1,000 of revenues for these water lines, as compared to $80 for each $1,000 of revenue for railroads. That is the picture there.

But it is not all. More than 68,000 miles of road, or about 20 percent of the total railroad mileage, is in bankruptcy today. Except for one railroad in New England and one in the Southeastern States, this bankrupt mileage will be found in the Middle West and two allied systems between Colorado and the coast. The Middle West is the greatest and richest agricultural region in the world. Yet in South Dakota 81 percent of the entire railroad mileage is in bankruptcy; 77 percent in Iowa; 79 percent in Arkansas; 68 percent in Wisconsin; 65 percent in southern Minnesota; 44 percent in Colorado; 48 percent in Oklahoma; and 43 percent in Kansas. This great region has had its difficulties. Two and three years ago it was visited with the greatest drought in history. But certainly one cause of this railroad situation is to be found in the diversion of traffic from these rail carriers to the Panama Canal under the long- and short-haul clause as it now stands. Under this clause the Interstate Commerce Commission has refused relief in every important case since 1920. The Pacific coast markets have been lost to the Middle West.

(c) The proponents claim fourth-section relief will not injure but will benefit intermediate territory; the opponents claim the intermediate territory will be injured.

I have shown how important volume of traffic is to the railroads to meet heavy overhead costs. I have shown how increased volume of traffic makes work all along the way. There are more trains, more work in shops, more buying of supplies, more money for overhead costs, including taxes, more employment, and more buying power among the people. The more distant points are not given any relative advantage. There is no prejudice or preference as to localities, for the reason that competitive points have alternative service there already. Otherwise, there is no fourth-section case.

(d) The proponents claim that noncompetitive points will not be injured but helped; the opponents claim the rates will be made so low at competitive points as to place an additional burden on traffic to noncompetitive points.

All rates will have to be just and reasonable. All rates will have to be made to pay out-of-pocket costs and contribute something to overhead costs. For anyone to doubt that the Commission would hold rates within a level which would make some contribution to overhead costs is to cast doubt on all rate regulation. Any additional traffic on the railroads that will contribute to overhead costs will, at the same time, lighten that burden to that extent. There will be so much less for other traffic to pay. Therefore, the greater the volume of traffic carried by the railroads, the less proportion of overhead costs noncompetitive points will be burdened with.

(e) Opponents of this amendment have argued that traffic must be preserved for water lines in order to build up a merchant marine.

This is the particular argument of the Maritime Association of the Port of New York. To support this amendment is not to be against a strong merchant marine. In time of war every kind of transport will be used to the extent of its usefulness. Military experts declare that railroads will be indispensable. The point really is, however, that one transportation agency should not be required to assume the burden of providing the facilities of another agency which will be useful in case of war. To provide for national defense is a national responsibility. A strong merchant marine should not be paid for by taking it out of the hides of railroad investors and railroad employees.

We must approach this question from the point of view of general public interest. There are five great agencies of transportation in this country—by rail, by water, by highway, by pipe line, by air. All of them are useful. Congress has stated a national policy in section 500 of the Transportation Act, 1920, to promote and sustain in full vigor both rail and water transportation. In section 202 of the Motor Carrier Act, 1935, Congress stated a policy to "develop and preserve a highway transportation system." We have permitted pipe lines to develop with very little regulation at all. We are aiding airways with substantial payments out of the Federal Treasury every year. To no one of these transport agencies, except railroads, has Congress applied a long- and short-haul clause. If we are to support them all, and if they are to be in competition, they should be able to meet on fair and equal terms.

The railroads today are carrying the majority of traffic. There is no reason in relative usefulness to hamstring them. They must be treated with fairness. Under the changed conditions which the railroads face today, fairness demands relief from this outmoded long- and short-haul clause.

The proposed amendment should not be adopted.

Mr. COX. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, as to this bill, it appears that the proponents of this bill are about to win a very great victory in behalf of the owners of the railroads and against the principle of control of public utilities. As has been many times observed during this debate by gentlemen understanding the effect of the proposal, it is the farmers of the country who are going to lose most as the result of the change. The propagandists have been very smart.

Mr. CREAL. Mr. Chairman, will the gentleman yield?

Mr. COX. Not now.

The propagandists have been very smart in drawing into the fight the railway laborer. The laborer is made to believe that there is promise of more jobs for the unemployed

in the legislation. I doubt this. The railroads will confess behind the backs of labor that they can handle greatly increased tonnage without the necessity of an increase in labor costs; so, as I see it, labor is very much deceived, because there is not in the legislation the prospect of much help. But if I am wrong about this, if, as a matter of fact, the adoption of the bill does mean more jobs, then certainly I am not in error in the statement that the carrier should not be permitted to fix rates without first obtaining leave from the Interstate Commerce Commission. The bill, as drawn, involves a complete reversal of policy insofar as the development of the waterways and the control of public utilities engaged in interstate commerce are concerned.

The pending amendment should, in my opinion, be adopted. There is just as much in it for labor as there would be in the Pettengill bill. The only difference between the Pettengill bill and the pending amendment is that under the amendment the carrier would have to go to the Commission for permission to change its rates, whereas the Pettengill bill proposes to permit them to file their schedules, and in the event of complaint it would be within the power of the Commission to suspend them.

[Here the gavel fell.]

Mr. McCORMACK. Mr. Chairman, I ask unanimous consent that the gentleman's time be extended 5 minutes.

Mr. CREAL. Mr. Chairman, I hope the gentleman will yield to me.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. COX. Mr. Chairman, I am unable to appreciate the logic of the proposal that an instrumentality supposed to be under the jurisdiction of a regulatory body should be permitted without permission whatever or without any grant of authority, but under its right under the law to file its rate schedule which should be subject to suspension upon the filing of a complaint.

Mr. PETTENGILL. Mr. Chairman, will the gentleman yield?

Mr. COX. I yield.

Mr. PETTENGILL. Does the gentleman realize that for 49 years, since 1887, in the case of every rate proposed by a railroad in the United States, except where the question of long and short haul is involved, the procedure the gentleman is objecting to is the one that has been followed; and this places the procedure on the same basis?

Mr. COX. The gentleman has stated before committees that under his bill the carriers will be permitted to put their rates into effect, either raising or lowering rates, which will become effective unless some interested party makes complaint or unless the Commission of its own accord should order suspension. This is his bill.

Mr. PETTENGILL. The gentleman is correct. That is the way it is done in all other instances.

Mr. COX. Why should the policy that has prevailed heretofore be reversed and the burden put upon the shipper and the small community to challenge the fairness of the rates made by a railroad? Why should not the rule be continued requiring railroads first to obtain permission to change rates? The roads are particularly interested in this, although they have sought to conceal this interest by putting stress upon the long and short haul and this purpose. The membership of the House has been made to believe that the primary concern of the carriers was to eliminate the long- and short-haul provision of section 4 of the Transportation Act, but this is not the extent of their interest. They want a free hand to fix rates as their interest may dictate.

[Here the gavel fell.]

Mr. COOPER of Ohio. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I paid very strict attention to what the gentleman from Georgia [Mr. Cox] stated a few moments ago, that railroad labor was being fooled on this bill. I believe that the railroad employees of this country are smart enough and they are intelligent enough to know what is good for them, what is beneficial for them. They have some very able and capable representatives in Washington looking after their interests all the time. They have some very smart attorneys looking after their interests. I do not believe the gentleman from Georgia, who has never had any railroad experience in his life, can fool the railroad employees when it comes to legislation relating to the great transportation systems of the country, and they are back of this bill.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. COOPER of Ohio. Certainly.

Mr. McCORMACK. What effect will this bill have upon the employees of trucks, the employees of shipping lines, the longshoremen?

Mr. COOPER of Ohio. I reply by saying that the railroad employees well know the new competition, the truck and the bus, is here to stay. They know that transportation by water has its place in our economic life, and they have no desire at all in any way to injure this traffic. All they are asking is that they be given an opportunity under the same regulations and under the same conditions enjoyed by steamship lines, busses, and trucks today. That is all they are asking.

Mr. McCORMACK. The gentleman has not answered the question. I asked him what effect it will have.

Mr. COOPER of Ohio. I do not know what effect it will have.

Mr. McCORMACK. In any event, this bill will not harm the present status of railroad employees?

Mr. COOPER of Ohio. No; not at all.

Mr. McCORMACK. But it will harm the status of other employees?

Mr. COOPER of Ohio. I do not believe so.

Mr. COX. Will the gentleman yield?

Mr. COOPER of Ohio. I yield to the gentleman from Georgia.

Mr. COX. Is there not just as much for labor in the pending amendment as there is in the Pettengill bill?

Mr. COOPER of Ohio. No.

Mr. COX. What possible reason would labor have for relieving the roads of obtaining leave before any change of rates?

Mr. COOPER of Ohio. If there was just as much benefits in the pending amendment as in the Pettengill bill, the labor organizations would have been back of that bill when it was introduced by the gentleman from Texas [Mr. RAYBURN] 1 year ago.

Mr. CHAPMAN. Mr. Chairman, I rise in opposition to the pro-forma amendment.

Mr. Chairman, this may be a good bill for some sections of the country. It may be a good bill for the railroads. But as the Representative of a district which I think may be typical of many represented in this House, one of the interior agricultural districts where there is no competing water transportation, I desire briefly to express my opinion on that phase of the subject. I have the honor to represent a large and one of the richest agricultural districts in this country. Its cities and towns have no competing waterway transportation, and I am contemplating the effect that the enactment of a bill of this kind would have upon the agricultural, industrial, and commercial interests of a district like that. I know from the experience of farmers, millers, wholesalers, livestock producers, and shippers generally of that district that this long- and short-haul provision has been their salvation many times in the past and is their safeguard today against unreasonable and discriminatory freight rates.

Under the existing law a carrier cannot put in effect a higher freight rate for a shorter than for a longer distance until it justifies that rate as reasonable in the eyes of the Interstate Commerce Commission. The burden rests actually as well as nominally on the carriers. The so-called Pettengill bill would, notwithstanding all that has been said about "burden of proof", actually shift the burden to the shipper. If this bill becomes a law a carrier can publish a freight rate on any commodity providing a higher rate over shorter distances to intermediate points than over longer distances to terminal points, and the practical effect will be

that the shipper will have to file a protest to prevent the rate from becoming effective. They say that the burden of proof will be on the carrier, but the truth is that the real burden, the burden of employing counsel, the burden of prosecuting the complaint, the burden of expense of proving that the new rate is discriminatory or unreasonable will rest upon the intermediate shipper, frequently unable to bear the burden, the victim of the discrimination. And so, while the great carriers are establishing rates that give advantage to cities with competitive water routes, the smaller places in the internal agricultural sections will be the losers. As too frequently is the case, the farmers will pay the freight.

Applications have been filed time and time again, some of them pending at this time, to establish rates that would benefit commercial centers favored with water transportation at the expense of interior agricultural sections such as mine, and the long- and short-haul section of the interstate Commerce Act, which this bill was designed to repeal, has been our principal weapon of defense.

Let me cite a few specific examples to illustrate why I believe Representatives from intermediate towns and interior sections should oppose this bill. In recent months efforts have been made to establish lower rates from southern points to such cities as Cincinnati, Louisville, and Huntington, because they are located on the Ohio River, than to points in central Kentucky through which the cars pass before reaching the Ohio River points. Right now there is pending an application to increase the rates on such articles as pipe fittings and connections, in carload and less-than-carload lots, from Birmingham to central Kentucky cities, without corresponding increases to Louisville, Cincinnati, and other points favored by Ohio River competition. It is being proposed now to make carload rates from Birmingham, Ala., to Lexington, Ky., 64 percent higher than the rates to Cincinnati, 82 miles farther, and 6 cents higher than the proposed rail and water rate to New York City, to which the short-line rail distance from Birmingham is more than two and one-half times the distance from Birmingham to Lexington.

The same situation exists as to the other cities and towns in the section of Kentucky of which Lexington is the center and metropolis. Under the existing law they must justify those rates before they can be effective. If this bill passes, it will be unnecessary for them to obtain approval of the proposed increases from the Interstate Commerce Commission beforehand and the burden of prosecuting the protest will be placed upon the central Kentucky cities affected.

Similar increases have been proposed in freight rates to the same interior Kentucky cities on various products of iron and steel, on sugar, coffee, fruits, paper bags, electric irons, livestock, and various commodities necessary to the business life and prosperity of those central Kentucky cities whose business competitors on the Ohio River have the advantage of competitive water transportation. Some of these proposed increases have been defeated by the existence of the present long- and short-haul section of the law. So consistent have been these efforts by the carriers to establish higher rates to and from central Kentucky cities than to and from the more distant Ohio River points that it has been necessary for a number of years for the Lexington Board of Commerce, an organization of the business and commercial interests of that city, to maintain a traffic bureau for the purpose of contesting these attempts to establish rates discriminatory against Lexington and its neighboring central Kentucky cities. But for the long- and short-haul provision it would have been impossible to prevent many burdensome and unfair increases.

In Fourth Section Application No. 1574 (211 I. C. C. 120), decided October 23, 1935, the Commission refused to allow higher rates on electric irons from Leeds, Ala., to interior Kentucky points than to Cincinnati. In Fourth Section Application No. 15746, decided December 7, 1935, the carriers sought permission to increase the rates on machinery from southern producing points to interior Kentucky points, which would have made them higher than the rates to Cincinnati. This application was denied also. The long- and short-haul law, which this bill seeks to repeal, saved the people of central Kentucky from the discriminatory rates sought to be placed upon them. Similar applications covering such commodities as paper and paper articles, including paper bags, important to central Kentucky wholesalers and jobbers, whose competitors are in the Ohio River cities, are now pending, and this bill proposes to place upon businessmen of my section the burden of filing a protest with the Commission and proving that the proposed rates are unreasonable or prejudicial. A few years ago the railroads undertook to make a drastic increase in rates between Lexington, Winchester, Paris, and Georgetown, on one hand, and eastern cities, on the other.

The Lexington Board of Commerce contested on behalf of the Kentucky cities and $50,000 a year was saved for Lexington businessmen, with a corresponding saving for the other central Kentucky cities, when the Interstate Commerce Commission ruled, in 146 I. C. C. 115, that it could not justify such a departure from the long- and short-haul provision of the law. The existence of that provision which these gentlemen seek to repeal today made possible that victory for those cities in the congressional district for which I speak. The enactment of this bill into law would be a staggering blow to them and to thousands of others throughout the country located in interior sections and whose competitors have both rail and water transportation.

There is a new industry in that section; or, rather, an old industry, which has recently awakened from a slumber of some 15 years. I refer to the gigantic distilling industry. I have consulted with rate experts in the Interstate Commerce Commission and am convinced that the passage of this bill would make possible discriminatory freight rates upon the product of the far-famed distilleries of the Bluegrass section of Kentucky, enabling distillers in other parts of the country to market an inferior product with the advantage of lower freight rates.

In my congressional district is the largest loose-leaf tobacco market in the world. Burley tobacco is the principal product of that fertile section. A freight rate differential prejudicial to central Kentucky farmers would be reflected in the price they receive for tobacco, their most valuable product and chief source of income. The rate experts advise that the long- and short-haul clause is a protection against such discrimination.

My congressional district is a great livestock-producing section. Our lambs demand top prices at Jersey City and other eastern points. Livestock shipments constitute a great and profitable industry in that section. There are more than a dozen livestock-auction markets in that congressional district. The farmer with one head of livestock receives the same price as that received by the seller for a thousand head. This marketing system has been of inestimable benefit to livestock producers throughout central Kentucky. Our competing stockyards are located in the larger Ohio River cities. A few years ago an effort was made to increase the rates on livestock from central Kentucky to the East approximately $20 a carload without any corresponding increase from Louisville and Cincinnati, our marketing competitors. At that time the shipments from Lexington alone amounted to 1,000 carloads annually. That increase would have meant a burden of $20,000 a year on the Lexington market alone, all to the advantage of terminal stockyards in larger cities.

The combined shipments from other central Kentucky markets amount to a great deal more than the shipments from Lexington. The approval of such a discriminatory increase to the detriment of central Kentucky markets and for the benefit of the terminal markets would have been equivalent to placing a tax of tens of thousands of dollars per year on the farmers of central Kentucky.

For about a year I have been working in cooperation at this end with a group of farmers and livestock auction market owners in bringing about the establishment at Lexington of a packing plant to slaughter 15,000 lambs a year in addition to a considerable number of veal calves and beef cattle. That plant will soon be in operation. The big packers and terminal markets have seized upon every opportunity for years to crush and destroy the livestock auction markets of central Kentucky. The packers with whom the new packing plant will be in competition are located in Ohio River

cities less than 100 miles distant from Lexington. The first thing they will attempt in order to gain an advantage over the new packing enterprise will be to obtain an advantage in freight rates. The present long- and short-haul clause of the Interstate Commerce Act will be the chief bulwark and protection of the livestock producers who have invested their money in the establishment of the new packing plant at Lexington and the thousands of others who sell their stock in the various central Kentucky auction markets. Its repeal would make more difficult the success of such a venture in the interior of Kentucky or in any other interior agricultural region in America.

I cannot but believe that many of you represent districts similarly situated insofar as transportation facilities are concerned. I hope you will consider these illustrations; and I wonder if some of them do not apply with equal force to your districts and equally affect the welfare of the agricultural, industrial, and commercial interests of the people you represent. It is worthy of note that the Interstate Commerce Commission is opposed to this bill. It is worthy of our consideration that the great national organizations of farmers have gone on record in opposition to this bill, and I hope you will not deprive the agricultural interests of interior America of the protection that those interests have been afforded since the adoption of the long- and short-haul clause.

Mr. UTTERBACK. Mr. Chairman, I move to strike out the last three words.

The CHAIRMAN. The gentleman from Iowa is recognized for 5 minutes.

Mr. RAYBURN. Will the gentleman yield?

Mr. UTTERBACK. I yield to the gentleman from Texas.

Mr. RAYBURN. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. UTTERBACK. Mr. Chairman, I am unwilling for this debate to close without going on record in opposition to the bill. I have made quite a little study of it. I have tried to find out what the attitude of the Interstate Commerce Commission is in reference to the bill. I have tried to find out who is the author of the bill. I have tried to find out what the attitude of the Railroad Coordinator is toward the bill. I find that the Interstate Commerce Commission is opposed to the bill. I find that the Railroad Coordinator is opposed to the bill. I find that this bill was prepared by the railroad executives of this Nation.

Mr. PETTENGILL. Will the gentleman yield?

Mr. UTTERBACK. I yield to the gentleman from Indiana.

Mr. PETTENGILL. I think I can speak on that better than the gentleman. The bill was prepared by the National Industrial Traffic League of America, which represents some 600,000 shippers. It was at their request largely that I introduced the bill.

Mr. UTTERBACK. I may say to the gentleman that I talked to him about a year ago in regard to this bill, and he is my authority for the statement that the railroad executives prepared the bill, and he introduced it at their request.

Mr. Chairman, it seems to me that this legislation is unnecessary.

If the railroads of this Nation have a just complaint, they have a remedy in existing statutes, and I do not need to spend any time on that, because I am sure every one of you knows and understands that.

Mr. Chairman, this legislation is not only unnecessary but it is undesirable, and I want to direct your attention to this thought which I do not think has been given consideration here. I think it is very important and it has to do with the far-reaching effect of this legislation. Do not think for a single moment that you are legislating solely and only on a railroad matter here. Remember this fact. We have in this Nation a great system of interlocking directorates in which certain men of this Nation or their associates hold positions as directors of railroads and great banking institutions and at the same time as directors of great industrial institutions. The railroads do not want this bill for nothing. These directors on these railroad boards do not want this bill for nothing. They are interested not only in railroad rates but they are interested in building up a further system here whereby industries competing with the industries they direct through these interlocking boards of directors may not grow and become real competitors of their industries. It is not at all impossible that many of these men, directly or indirectly representing the railroads on these boards of directors, are very much interested in the profits that can be made out of certain lines of industry through the destruction of their competitors, which will be possible under this bill. Mr. Chairman, this is exactly what is going to happen. When you give this power to the railroads, you are giving them the power to do this very thing. I hope this bill will be defeated. [Applause.]

The pro-forma amendments were withdrawn.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts.

The question was taken; and on a division (demanded by Mr. HOLMES) there were—ayes 37, noes 100.

So the amendment was rejected.

Mr. BLAND. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BLAND: Immediately following the amendment last adopted, insert a new paragraph, as follows:

"No application for any increase in rates, fares, or charges shall be received or considered by the Interstate Commerce Commission unless and until the applicant for such increase in rates, fares, or charges shall show to the Commission that at least 30 days prior to making said application the applicant has filed with the Governor of each State in which said increase will apply a copy of the tariff schedule showing all increases sought in said application, with a memorandum thereto attached explaining each and every increase requested in said application.

Mr. BLAND. Mr. Chairman, it is said, and it has been said frequently in debate, that it is not intended to increase freight rates generally throughout the country. It has also been brought out that there is a heavy burden resting upon the shippers to watch these rate schedules.

Nearly every State is provided with a corporation commission and the chief executive of that State, charged with the responsibility of taking care of the citizens of the State, when he has these tariff schedules is able to see what effect these increases are going to have in his particular territory and can then, himself, bring to the attention of the shippers the burden that will be resting upon them.

In this connection let me read you the letter that was sent by Mr. McManamy, of the Interstate Commerce Commission, to the chairman of the committee on H. R. 8100, which was identical with the present bill before the amendment of the committee was added. Commissioner McManamy said:

We are unable to understand how the public interest would be served by the enactment of such a bill. Experience has shown during the years before and since the enactment of the act to regulate commerce in 1887 that special measures are necessary to prevent the peculiar form of undue prejudice and discrimination which may be created by the establishment of higher rates for shorter than for longer hauls. Section 4 was designed to protect the public against this special kind of prejudice and discrimination.

* * * * * * *

We are of the opinion that the record of the carriers with respect to the establishment of higher rates for shorter than for longer distances during the nearly half a century since the enactment of the original act has fully demonstrated the need for further protection of the shipping public against the kind of discrimination and prejudice resulting from the establishment of higher rates for shorter than for longer distances than that afforded generally by the sections of the act other than section 4, and it is our view that the long- and short-haul provision of that section should be continued in force to insure this protection.

Now that you have stricken down the long- and short-haul provision, what is left to protect the people of the country, the shippers of the country, the little man in the country, the fellow in his overalls who is farming the land of the country, the man of whom my friend, Mr. CHAPMAN, of Kentucky, speaks? Why not have this schedule served on the Governor of the State and let him, through the corporation commission, advise the people of his State of the increases that are intended by these applications, the effect this will

have upon them, and the steps that they should take for their own protection? They will then be in a position to lodge their complaints, even though they must then bear the burden of the heavy expense of paid attorneys to read tariff schedules which the gentleman for the committee states the presidents themselves are unable to read and construe.

In the interest of the protection of the shipping public of this country I ask that you vote for this amendment.

Mr. RAYBURN. Mr. Chairman, there have been several what I think are reasonable amendments offered to this bill that would not have been destructive if they had been adopted, but I do trust the Committee will vote this amendment down and will protect orderly procedure in the Interstate Commerce Commission and the prosecution of its business. I ask for a vote on the amendment.

Mr. PETTENGILL. Will the gentleman yield?

Mr. RAYBURN. I yield.

Mr. PETTENGILL. Is it not a fact that all proposed rates, whether increase or decrease, must be posted at all distributing points in the territory?

Mr. RAYBURN. My point is that we do not want to bring in any foreign agents in the execution of the law.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia.

The question was taken, and the amendment was rejected.

Mr. BLAND. Mr. Chairman, I offer another amendment.

The Clerk read as follows:

Immediately following the amendment last adopted, insert a new paragraph as follows:

"No increase in any rates, fares, or charges shall be permitted to any common carrier subject to the provisions of this section or claiming the benefits of this section unless and until said carrier shall include as railway operating revenues all profits received by it from any subsidiary of said carrier or from any affiliated corporation or from any other corporation in which said carrier owns at least 50 percent of the stock, debentures, or other securities."

Mr. BLAND. Mr. Chairman, my purpose in offering this amendment is to show what operating revenue is coming from sources that should be included.

I want to call attention to the testimony in the hearings on page 584:

The Pacific Fruit Express Co. is owned jointly by the Union Pacific Railroad Co. and the Southern Pacific Co., and owns the refrigerator cars and refrigeration plants necessary to provide refrigerator-car service for those lines and their subsidiaries. The use of these cars includes the Oregon Short Line Railroad Co., which serves the heavy producing districts of southern Idaho, as well as districts in Utah and other States. An examination of this statement shows that the capital stock of the Pacific Fruit Express Co. amounts to $24,000,000. The average total value of the property used in its business during the period covered aggregates $118,040,123, the gross operating revenues average over $40,000,000 per year, and the operating expenses over $23,000,000 per year. The average net operating revenues for those years runs over $16,750,000 per year, or better than 14 percent per year on the value of the property used.

Now, they are throwing an increased burden on the people of the country, and I suggest that revenues coming from other sources should be included. There is another case mentioned in this testimony where there are coal mines deriving considerable revenue from these mines that are also owned by the railroads, and these revenues should be taken into consideration in determining these rates.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia.

The amendment was rejected.

Mr. GEARHART. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. GEARHART: Page 2, line 17, after the word "act", strike out the period and insert in lieu thereof the following: ": *And provided further*, That in any case before the Commission where there is brought in issue a lower rate or charge for transportation of like kind of property for a longer than for a shorter distance over the same line or route in the same direction, the shorter being included in the longer distance, no such lower rate shall be by the Commission approved until it shall have been established to the satisfaction of the Commission, the burden of proof being upon the carrier, that such lower rate is reasonably compensatory for the service performed."

Mr. GEARHART. Mr. Chairman, during the debate on this bill numerous speakers in opposition have expressed the fear that it is the intention of the rail carriers to embark upon a campaign of cutthroat competition. Whether or not the fear is well founded is beside the question. It remains, nevertheless, that if the bill now before us is passed and becomes a law the railroads will acquire the power to do just that sort of thing. If the rails want to eliminate other forms of competition, fix rates on the longer haul, say at cost or below cost, they cannot long continue to carry freight on that basis and remain in business, unless they recoup these losses from another source. Therefore, if they do carry freight below cost or just slightly above cost, they are going to look into the intercities, the inland neighborhoods, for the recoupment of the lost revenues which they must recapture somewhere. In other words, they will have to raise the short-haul rates in order to recover that which they sacrificed on the long haul. That is as plain as plain can be.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. GEARHART. Yes.

Mr. CRAWFORD. Does the gentleman realize that on all the short hauls the truck operators can make rates and will make rates and offer the rates to the Commission that will hold down any extraordinary advance in rates that the railroads attempt to put in? Will not that be the practical application of this bill?

Mr. GEARHART. The trucks will soon be under regulation by the Interstate Commerce Commission, and you can rest assured that the truck rates will be fixed with due regard to the rail problem by that body. Unlimited competition will not be permitted. I still maintain, and it is inescapable and unanswerable, that if the railroads reduce charges on the long hauls to a point so low that the rates fall below the cost of the transportation service, the sacrificed revenues will have to be recouped from another source. The short-haul shipper will necessarily have to be the victim of this unjust system of robbing Peter to pay Paul. There is no escape open to him. All I hope to accomplish by this amendment is the protection of the shipper who is compelled to use rail transportation where there is no water competition; the shipper who must rely upon the rails and the rails alone. This amendment, if adopted, will protect him from being victimized and gouged and save him from outrageous rates—rates imposed in order that the railroads may carry on their cutthroat competition with competing carriers on the long hauls. This, it is said, is impossible. It is said there will not be any cutthroat competition indulged in. If that is true, if the railroads are seeking reasonable compensation for the services they render, they should have no objection whatsoever to the enactment of the amendment which I now propose. Why should it not be enacted? Should they carry below cost, somebody must pay the bill, and it is going to be the interior people, the people who live in the Rocky Mountains, in the interior of California, in the interior of every State in this Union that is not so fortunate as to enjoy an intercompeting combination of facilities—water, air, and rail.

The CHAIRMAN. The time of the gentleman from California has expired.

The question arises on the amendment offered by the gentleman from California [Mr. GEARHART].

The amendment was rejected.

Mr. BLAND. Mr. Chairman, I offer an amendment, which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. BLAND: Immediately following the amendment last adopted insert a new paragraph, as follows:

"Before any carrier shall be permitted to charge at any point, where it is in competition with water-borne commerce, less than its present rate, fare, or charge, the Interstate Commerce Commission shall require notice to be given the water carrier and the community that may be affected by such rate, fare, or charge, and it must be affirmatively shown by said railroad carrier that the proposed rate, fare, or charge will provide a fair return to the water carrier if a similar rate, fare, or charge is put into effect by the water carrier."

Mr. BLAND. Mr. Chairman, there is only one other amendment which I feel the gentlemen on the committee will accept. [Laughter.]

The purpose of this amendment is to protect the water-borne commerce of the United States. It has frequently been said in this debate that it is not the intention of the proponents of the bill to try to destroy water-borne commerce. I provide then that notice shall be given water carriers at competitive points, that the matter shall be investigated, and that no rate, fare, or charge shall be permitted to be put into effect by the railroad carriers which would destroy the water carriers if a similar rate, fare, or charge should be put into effect by the water carriers at the competitive points.

This is what Coordinator Eastman had to say in a speech made by him in April 1934:

So far as water transportation is concerned, you know what happened in the past, when the railroads had a free hand and swept the inland waterways practically free of competing craft. In an open fight, without let or hindrance, the advantage lies with the form of transportation which has the largest reserves of traffic upon which other transportation agencies can encroach. And with all the competition by which they are beset, the railroads still have the edge in that respect.

In that connection I suggest that you who have the interest of water transportation at heart may well keep an eye on the attempts which are being made to wipe out the fourth section of the Interstate Commerce Act. I venture the suggestion lest there be a repetition of our early experience with destructive competition.

When Mr. Tilford, one of the witnesses for the railroads, was before the committee he was asked who was going to be hurt by the repeal of the clause. He answered, "Well, the only ones are probably the water carriers."

Mr. Eastman, in his report in 1934, page 170, further said:

Federal regulation of the railroads was precipitated in 1887 primarily by the then widespread and flagrant discriminations in rates and charges. Prominent among these discriminations which had created intense dissatisfaction was the common practice of charging less for long hauls than for shorter hauls to or from intermediate points on the same line or route even when the route was direct.

I am asking gentlemen who have appeared on this floor who say that it is not their purpose to destroy water-borne commerce, to make good their words and do that which will not destroy water-borne commerce.

Mr. MARTIN of Colorado. Mr. Chairman, will the gentleman yield?

Mr. BLAND. I yield.

Mr. MARTIN of Colorado. I just wanted to say to the gentleman from Virginia that there is at least one member of the Committee on Interstate and Foreign Commerce who thinks that water-borne traffic will be perfectly safe on the score of regulation as long as it is in the hands of the Committee on Merchant Marine and Fisheries.

Mr. BLAND. I thank the gentleman very much, but we cannot get very far without ample cooperation of the Members of Congress.

The CHAIRMAN. The time of the gentleman from Virginia has expired.

The question is on the amendment offered by the gentleman from Virginia [Mr. BLAND].

The amendment was rejected.

Mr. BLAND. Mr. Chairman, I offer a further amendment.

The Clerk read as follows:

Amendment offered by Mr. BLAND: Immediately following the amendment last adopted insert a new paragraph, as follows:

"This act shall be known as an act to destroy the American merchant marine and all water-borne commerce in the United States, and to increase rates, fares, and charges throughout the United States."

Mr. BLAND. All I have to say about this amendment, Mr. Chairman, is that, of course, the author of the bill, with his usual generosity and his belief in truth, will accept this amendment. [Laughter.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia.

The amendment was rejected.

Mr. GEARHART. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GEARHART: Page 2, line 6, after the word "upon", strike out all of lines 7, 8, and 9, to and including the colon following the word "Commission", and insert in lieu thereof the following: "shall not be affected by reason of the provisions of this section until, after hearing, of which due and prior notice of proposed changes shall be given, the Commission shall otherwise determine."

Mr. GEARHART. Mr. Chairman, this proposed amendment I conceive to be in the nature of a clarifying amendment. I read the following language from page 2 of the bill:

And provided further, That rates, fares, or charges existing at the time of the passage of this amendatory act, by virtue of orders of the Commission or as to which application has theretofore been filed with the Commission and not yet acted upon, shall not be required to be changed by reason of the provisions of this section until the further order of or a determination by the Commission.

I believe the phrase "shall not be required to be changed" is uncertain as to exact meaning and that it will throw the Commission into confusion when they attempt to interpret it. I believe, furthermore, the old rates should remain in effect until people who might object to a change have had notice of the proposed change and have had a chance to be heard. I have provided, therefore, simply that the old rate shall remain in effect until proposed changes are made known to those who have an interest of the subject matter of the rate schedules, in order that they may have an opportunity to exercise their right to come before the Commission and state their views; that snap judgment be not taken against them. Is there anything unreasonable about that?

Mr. MASSINGALE. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, discussion on this bill seems to have been limited to those who have had experience in railroad service. We have had conductors, engineers, and firemen speak for and against this bill. I felt like I was not doing my duty, Mr. Chairman, not to represent the snipe element of America in this debate. I served in this capacity on a railroad for a year. A snipe is what railroad men call a section hand. By assiduous application I rose, after 1 year's service, to the dignified position of trackwalker; and I want to give you the trackwalkers' and the snipes' viewpoint on this legislation. [Laughter.]

It occurs to me, having sandwiched in a little law experience, that we are just reversing the order of things in this proposed legislation. Ordinarily in law procedure if a man goes into court he does so with a petition. He files a petition and after awhile he hopes for a judgment. In this proceeding the railroad company is given the right to go in there first and file its judgment, and then give the other fellow the opportunity to go in and, if he can, set the judgment aside. The railroad, under this bill, announces the rate it is going to charge to or from a particular point, and this becomes the rate unless the merchants and shippers send rate experts and lawyers to Washington to have the Interstate Commerce Commission give them a hearing to see if the rates are too high. This is not right. It developed during the discussion that one of the objects of the railroad company is to do away with truck lines. I think this is one of the purposes of the bill. Their object is to get rid of all truck competition and put them out of business. Out in my section of the country we have learned to depend almost wholly upon truck lines and truck operators to get our freight delivered to us, and we are apprehensive that if the railroad company is given the right to put its rates in operation in our small inland communities that it is going to be incumbent not only on our communities in the Middle West but on every community in the United States to hire an expert rate man and to hire a lawyer to come to Washington and defend them, to try to set aside this judgment the railroad expects to obtain in this unusual way, fixing a rate charge on carrying freight and passengers into these various communities. Under these circumstances, and in the interest of the ordinary truckman in this country, I expect to vote against this piece of legislation. [Applause.]

Mr. JOHNSON of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. MASSINGALE. I yield.

Mr. JOHNSON of Oklahoma. If my colleague from Oklahoma will permit, let me say that he is making a very interesting and informative address. He has shown very clearly that there are two sides to this bill. Although I am interested in protecting the rights of railroad employees, we must also bear in mind that our farmers and shippers must be protected. Now, does not the gentleman think that one of the main purposes of this bill is to raise freight rates?

Mr. MASSINGALE. Yes; I think so; and, as I stated awhile ago in my argument, the railroads will fix this freight rate and then it will be incumbent upon your town and my town and every other locality in the United States to keep a lawyer or an expert in Washington. As the law now is, the Interstate Commerce Commission gives every reasonable request of the railroads to raise rates reasonable consideration. Under this bill the railroads make the increase in rates themselves and communities affected must spend money to see if the rate fixed should be set aside.

Mr. MARTIN of Colorado. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I cannot permit my beloved friend the gentleman from Oklahoma [Mr. MASSINGALE] to get away with the proposition that he is the only "snipe" in this distinguished body. In case the Members do not know what a "snipe" is, I may say he is an individual who handles a type of shovel known as a no. 2. I sniped for a year at $1.10 a day for 10 long hours each day, and when it comes to the "snipe" vote in this body it is going to be a tie.

Mr. MASSINGALE. Will the gentleman yield?

Mr. MARTIN of Colorado. I yield to the gentleman from Oklahoma.

Mr. MASSINGALE. I just want to say to the gentleman from Colorado [Mr. MARTIN] that I object to the gentleman getting on my preserves. He qualified as a coal shoveler or as a fireman. I reserve my right to speak as a "snipe."

Mr. MARTIN of Colorado. But I handled a no. 2 first.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California.

The amendment was rejected.

Mr. GEARHART. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GEARHART: On page 2, line 9, after the colon and following the word "Commission", insert: *"And provided further,* That no carrier shall put into effect any rate which is lower for the longer distance than for a shorter, the shorter being included in the longer, without first submitting such proposal for such rates or charges and securing from such Commission, after public notice and public hearing, authority to establish such rates.

Mr. RAYBURN. Will the gentleman yield?

Mr. GEARHART. I yield to the gentleman from Texas.

Mr. RAYBURN. Mr. Chairman, I move that all debate on the bill and all amendments thereto close in 5 minutes.

The motion was agreed to.

Mr. GEARHART. Mr. Chairman, I shall not take 5 minutes. I have already sensed the temper of this body. I fully realize that the offering of this amendment will probably constitute love's labor lost; however, I do think it is a sound amendment. I ask the Members, therefore, to consider it seriously.

Mr. Chairman, all that I hope to accomplish by the amendment which I have offered is to make certain that the people of the United States shall have due notice of what is being done under the provisions of the law which is, it is now apparent, about to be passed. The amendment simply provides that before any schedule of rates shall go into effect under the provisions of this bill due and public notice shall be given and public hearings shall be had. Is that not fair?

Mr. PETTENGILL. Will the gentleman yield?

Mr. GEARHART. I yield to the gentleman from Indiana.

Mr. PETTENGILL. Is that not the rule today in connection with all rate schedules?

Mr. GEARHART. Then the gentleman should have no objection to the amendment. I do not so understand the bill. If the gentleman believes that my amendment goes no further than the law already provides for, will he not, on behalf of the committee, accept my proposal?

Mr. PETTENGILL. And is not everybody advised now?

Mr. GEARHART. Certainly the gentleman should have no objection to my amendment if he believes that notice is provided for and hearings are guaranteed by existing law. I am far from being satisfied of it myself.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. GEARHART].

The amendment was rejected.

The CHAIRMAN. Under the rule the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. WILCOX, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H. R. 3263) to amend paragraph (1) of section 4 of the Interstate Commerce Act, as amended February 28, 1920 (U. S. C., title 49, sec. 4), pursuant to House Resolution 435, he reported the same back to the House with an amendment agreed to in Committee.

The SPEAKER. Under the rule the previous question is ordered on the bill and amendment to final passage.

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. HOLMES. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. HOLMES. I am.

The Clerk read as follows:

Mr. HOLMES moves to recommit the bill H. R. 3263 to the Committee on Interstate and Foreign Commerce with instructions to that committee to report the same back to the House forthwith with the following amendment: Strike out all after the enacting clause and insert in lieu thereof the following: "That paragraph (1) of section 4 of the Interstate Commerce Act, as amended, is amended to read as follows:

"'(1) It shall be unlawful for any common carrier subject to the provisions of this part to charge or receive any greater compensation in the aggregate for the transportation of passengers or of like kind of property for a shorter distance than for a longer distance over the same line or route in the same direction, the shorter being included within the longer distance, or to charge any greater compensation as a through rate than the aggregate of the intermediate rates subject to the provisions of this part; but this shall not be construed as authorizing any common carrier within the terms of this part to charge or receive as great compensation for a shorter as for a longer distance: *Provided,* That upon application to the Commission such common carrier may in special cases, after investigation, be authorized by the Commission to charge less for longer than for shorter distances for the transportation of passengers or property; and the Commission may from time to time prescribe the extent to which such designated common carrier may be relieved from the operation of this section.'"

Mr. RAYBURN. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and on a division (demanded by Mr. PETTENGILL) there were—ayes 215, noes 41.

So the bill was passed.

A motion to reconsider was laid on the table.

EXTENSION OF REMARKS—H. R. 3263

Mr. EICHER. Mr. Speaker and Members of the House, if the careful study that I have given to the pending amendment to the Interstate Commerce Act had left me at all apprehensive that its passage might result in a return to past discriminatory and unsocial practices on the part of the railroads, I should certainly have been one of the last Members of this House to give it my support. I am thoroughly convinced of the necessity in the public interest of reasonable, adequate, and effective regulation of all public utilities that partake of the nature of a monopoly, but I am also convinced that the same public interest requires a reappraisal from time to time of the details of such governmental regulation to the end that it may not operate as a detriment instead of a help.

The extensive hearings that were held on this bill have persuaded me that no public interest will suffer and many helpful results may come from a relaxation of the rigorous provisions of section 4. I believe the producers, shippers, and consumers of the Middle West will profit by the long-haul rate readjustments that this change in the law will make possible. The objections to this amendment originally interposed by the Interstate Commerce Commission have been fully met by the amendment to the bill which specifically continues the burden of proof upon the carriers to justify any long-haul rate against any claim that the same may constitute undue preference or discrimination under sections 1, 2, and 3 of the Interstate Commerce Act. Furthermore, there is no doubt that competing agencies are now so general that undue preference or discrimination will be effectually prevented.

The railroads are obviously the backbone of our national transportation system, and if we are to avoid public ownership and operation we must afford the private managers thereof every reasonable opportunity to recover their lost traffic and to enhance their gross revenue to a point that will again make their properties self-sustaining.

I look upon this legislation as a substantial effort in the direction of national recovery. It gives promise of increased employment in the most important of our private industries, and should also strengthen its position as the largest taxpayer contributing to the support of our schools and of our State and local governments. The bill will receive my vote.

THE AIR CORPS OF THE ARMY

Mr. ROGERS of New Hampshire. Mr. Speaker, I ask unanimous consent that I may have until midnight tonight to file a report on the bill (H. R. 11140) to provide more effectively for the national defense by further increasing the effectiveness and efficiency of the Air Corps of the Army of the United States.

The SPEAKER. Is there objection to the request of the gentleman from New Hampshire?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. McREYNOLDS, indefinitely, on account of sickness in family.

To Mr. DRIVER (at the request of Mr. MILLER) for remainder of the week on account of the death of his brother.

To Mr. SANDERS of Louisiana, for 10 days, on account of important business.

To Mr. SHANNON, for 10 days, on account of important business.

To Mr. SISSON (at the request of Mr. O'CONNOR) on account of illness.

ADJOURNMENT

Mr. BANKHEAD. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 40 minutes p. m.) the House adjourned until tomorrow, Wednesday, March 25, 1936, at 12 o'clock noon.

COMMITTEE HEARING

COMMITTEE ON IMMIGRATION AND NATURALIZATION

There will be a meeting of Committee on Immigration and Naturalization in room 445, old House Office Building, at 10 a. m., on Wednesday March 25, 1936, for hearing on H. R. 11172 (proponents).

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. ROBINSON of Utah: Committee on the Public Lands. H. R. 9183. A bill to provide for the extension of the boundaries of the Hot Springs National Park in the State of Arkansas, and for other purposes; without amendment (Rept. No. 2223). Referred to the Committee of the Whole House on the state of the Union.

Mr. ENGLEBRIGHT: Committee on the Public Lands. H. R. 1997. A bill to amend Public Law No. 425, Seventy-second Congress, providing for the selection of certain lands in the State of California for the use of the California State park system, approved March 3, 1933; without amendment (Rept. No. 2224). Referred to the Committee of the Whole House on the state of the Union.

Mr. McREYNOLDS: Committee on Foreign Affairs. H. R. 11961. A bill authorizing an appropriation for the payment of the claim of Gen. Higinio Alvarez, a Mexican citizen, with respect to lands on the Farmers Banco, in the State of Arizona; without amendment (Rept. No. 2225). Referred to the Committee of the Whole House on the state of the Union.

Mr. BLOOM: Committee on Foreign Affairs. House Joint Resolution 538. Joint resolution to provide for participation by the United States in the Ninth International Congress of Military Medicine and Pharmacy, in Rumania, in 1937; and to authorize and request the President of the United States to invite the International Congress of Military Medicine and Pharmacy to hold its tenth congress in the United States in 1939 and to invite foreign countries to participate in that congress; without amendment (Rept. No. 2226). Referred to the Committee of the Whole House on the state of the Union.

Mr. HARTER: Committee on Military Affairs. S. 3687. An act to validate payments and to relieve the accounts of disbursing officers of the Army on account of payments made to Reserve officers on active duty for rental allowances; without amendment (Rept. No. 2228). Referred to the Committee of the Whole House on the state of the Union.

Mr. HARTER: Committee on Military Affairs. S. 3688. An act to validate payments and to relieve disbursing officers' accounts of payments made to Reserve officers promoted while on active duty; without amendment (Rept. No. 2229). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROGERS of New Hampshire: Committee on Military Affairs. H. R. 11140. A bill to provide more effectively for the national defense by further increasing the effectiveness and efficiency of the Air Corps of the Army of the United States; with amendment (Rept. No. 2230). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. FADDIS: Committee on Military Affairs. H. R. 7206. A bill for the relief of Pierre Pallamary; with amendment (Rept. No. 2227). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. RAMSAY: A bill (H. R. 11985) to prevent the manufacture, sale, or transportation of adulterated or misbranded or poisonous liquors, and regulating traffic therein; to the Committee on the Judiciary.

By Mr. BLOOM: A bill (H. R. 11986) to provide medals for the men who trained at the first Plattsburg training camp in 1915; to the Committee on Military Affairs.

By Mr. SCHULTE: A bill (H. R. 11987) for the improvement of Burns Ditch Harbor, Ind.; to the Committee on Rivers and Harbors.

By Mr. TOLAN: A bill (H. R. 11988) to establish and maintain aids to air navigation on the trans-Pacific route between San Francisco Bay, Calif., and Manila, P. I.; to the Committee on Interstate and Foreign Commerce.

By Mr. WALTER: A bill (H. R. 11989) for the improvement of the Delaware watershed, Pennsylvania, beginning at Chestnut Hill, to provide flood control, water supply, and to encourage agricultural, industrial, and economic development; to the Committee on Flood Control.

By Mr. BROOKS: A bill (H. R. 11990) authorizing the construction of a system of reservoirs in the Ohio River Basin above Pittsburgh for flood-control and other purposes; to the Committee on Flood Control.

By Mr. DEROUEN: A bill (H. R. 11991) to authorize the placing of lands acquired or which may be acquired hereafter near Dumfries, Va., under the National Park Service for recreational purposes; to the Committee on the Public Lands.

Also, a bill (H. R. 11992) to accept the cession by the State of Virginia of exclusive jurisdiction over the lands embraced within the Shenandoah National Park, and for other purposes; to the Committee on the Public Lands.

By Mr. BOLAND: A bill (H. R. 11993) authorizing projects on the Susquehanna River for flood control and other purposes; to the Committee on Flood Control.

By Mr. GASSAWAY: A bill (H. R. 11994) to provide for the establishment of a term of the District Court of the United States for the Western District of Oklahoma at Shawnee, Okla.; to the Committee on the Judiciary.

By Mr. SNYDER of Pennsylvania: A bill (H. R. 11995) for the improvement of the Youghiogheny River watershed, Pennsylvania; to provide flood control; and to encourage agricultural, industrial, and economic development; to the Committee on Flood Control.

By Mr. McFARLANE: Resolution (H. Res. 463) creating a select committee to investigate executive agencies of the Government with a view to coordination; to the Committee on Rules.

By Mr. AYERS. Joint resolution (H. J. Res. 539) to fulfill certain obligations of the United States Government to the Indians, homestead entrymen, and allotment purchasers on the Fort Peck Indian Reservation in the State of Montana; to the Committee on Indian Affairs.

By Mr. CROSSER of Ohio: Joint resolution (H. J. Res. 540) providing for the participation of the United States in the Great Lakes Exposition to be held in the State of Ohio during the year 1936, and authorizing the President to invite the Dominion of Canada to participate therein, and for other purposes; to the Committee on Foreign Affairs.

By Mr. LEWIS of Maryland: Joint resolution (H. J. Res. 541) to create a committee to study conditions resulting from the recent floods and to recommend measures for reconstruction and flood prevention; to the Committee on Rules.

By Mr. RANDOLPH: Joint resolution (H. J. Res. 542) creating a superhighways commission; to the Committee on Roads.

By Mr. BUCHANAN: Joint resolution (H. J. Res. 543) making an additional appropriation for the fiscal year 1936 for emergency relief of residents of the District of Columbia; to the Committee on Appropriations.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Massachusetts, memorializing Congress regarding unemployment relief projects; to the Committee on Appropriations.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. COOPER of Ohio: A bill (H. R. 11996) for the relief of Richard T. Edwards; to the Committee on Claims.

By Mr. DARDEN: A bill (H. R. 11997) for the relief of Robert James Allen; to the Committee on Naval Affairs.

By Mr. LEMKE: A bill (H. R. 11998) for the relief of W. H. Lenneville; to the Committee on Claims.

By Mr. SCOTT: A bill (H. R. 11999) granting an honorable discharge to Robert C. Wilcott; to the Committee on Military Affairs.

By Mr. SCRUGHAM: A bill (H. R. 12000) to authorize the presentation to Thomas D. Karps of a Distinguished Service Cross; to the Committee on Military Affairs.

By Mr. TAYLOR of Tennessee: A bill (H. R. 12001) granting a pension to Dicie Overbey; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

10580. By Mr. ANDREW of Massachusetts: Resolutions memorializing the Congress relative to requiring that preference be given to citizens of the United States in employment on unemployment relief projects financed by Federal funds; to the Committee on Labor.

10581: By Mr. FITZPATRICK: Petition of the Mount Vernon section of the National Council of Jewish Women, urging the passage of the Kerr-Coolidge bill with reference to immigration; to the Committee on Immigration and Naturalization.

10582. By Mr. KENNEY: Assembly concurrent resolution of the one hundred and sixtieth Legislature of the State of New Jersey, requesting the National Government to accept immediate responsibility for relief and employment of transients; to the Committee on Ways and Means.

10583. Also, petition of the International Workers Order, Branch 651, at their meeting on March 3, endorsing the workers' social-insurance bill as the only genuine social-insurance bill now before Congress; to the Committee on Labor.

10584. By Mr. MARTIN of Massachusetts: Memorial of the General Court of Massachusetts, advocating preference be given citizens of the United States in employment on relief projects financed by Federal funds; to the Committee on Labor.

10585. By Mrs. ROGERS of Massachusetts: Petition of the General Court, Commonwealth of Massachusetts, memorializing the Congress of the United States relative to requiring that preference be given to citizens of the United States in employment on unemployment relief projects financed by Federal funds; to the Committee on Labor.

10586. By Mr. THURSTON: Petition of H. K. Evans and others of Seymour, Iowa, urging passage of the Pettengill bill; to the Committee on Interstate and Foreign Commerce.

10587. By Mr. WHITTINGTON: Petition of the Legislature of Mississippi, memorializing Congress to cut a canal connecting the waters of Bear River and McKey's Creek, thereby diverting a portion of the water of the Tennessee River into the Gulf of Mexico; to the Committee on Rivers and Harbors.

10588. By the SPEAKER: Petition of the mayor and city council of Baltimore, Md.; to the Committee on Education.

10589. Also, petition of the Colorado Bar Association; to the Committee on the Library.

10590. Also, petition of the Commission Council of the City of New Orleans; to the Committee on Interstate and Foreign Commerce.

HOUSE OF REPRESENTATIVES

WEDNESDAY, MARCH 25, 1936

The House met at 12 o'clock meridian.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O loving Father, we would exalt the Lord our God, for it is He who hath made us; stretch forth Thy hand from above and lead us in Thy way everlasting. Make manifest to us what is entire truth, honor, and fidelity. Forgive us our sins and let us not brood over our faults, but do Thou come and establish Thy kingdom within us. Enter the palace of our hearts; clothe us with the armor of light, and then we shall easily triumph over the irritable spirit, the glow of self-love and intemperate speech. Eternal Spirit, we earnestly seek understanding, affection, and strength which only Thy presence can excite and sustain. Each day help us to catch the vision of a better country coming through righteousness, cooperation, justice, and manly endeavor. In the name of our Lord and Master. Amen.